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Sexual orientation and earnings: A register data based approach to identify homosexuals

by

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Abstract

This paper examine earnings differentials between homo- and heterosexual individuals by identifying sexual orientation with the help of information from register data. Register data enable us to avoid the misclassifications of sexual orientation often mentioned as a potential bias in survey based studies. The results show that gay men are at an earnings disadvantage as compared to male heterosexuals while the earnings differential between lesbians and heterosexual women is very small. Our results are in line with results from previous research but are more reliable since we use a more reliable measure of sexual orientation than previous research.

JEL classification: J15, J71.

Keywords: Sexual orientation, Labour market, Earnings.

1. Introduction

Although economists has shown increased interest in sexual orientation during recent years, research regarding earnings differentials between homo- and heterosexuals is still scarce. Badgett (1995) was a pioneer, studying earnings differentials between homo- and heterosexuals in the United States. She found that gay men earn less than their heterosexual counterparts while lesbians earn about the same or, in some cases, even more than heterosexual females. Subsequent work in the United States (e.g. Klawitter and Flatt, 1998; Allegretto and Arthur, 2001; Badgett 2001; Clain and Leppel, 2001; Carpenter, 2005) has confirmed these results, and the same patterns have been observed in Canada (e.g. Carpenter, 2008), the Netherlands (e.g. Plug and Berhout, 2004, 2008), and in the United Kingdom (e.g. Arabsheibani, Marin and Wadsworh, 2004, 2005; Frank, 2006).¹

Klawitter (1998) explains that the shortage of research regarding earnings and sexual orientation is due to the lack of data on sexual orientation. Whenever data is available, researchers must still identify homosexuals (For a detailed discussion, see Badgett, 2006; Black, Sanders and Taylor, 2007). Unlike gender and ethnicity, which are both observable in register-based data, sexual orientation is not generally an observable trait. In practice, researchers have used two methods to measure sexual orientation. First, respondents in surveys have been classified as homosexuals on the basis and frequency of their same-sex sexual behaviour. Hence, a possible misclassification of people is unavoidable. Second, people have been classified as homosexuals if they are cohabiting

¹ See Badgett (2006) for an excellent review of these studies.

with a same-sex partner. These people are assumed to be homosexuals, but as argued by Carpenter (2004), the assumption that these people are homosexuals is not testable. Sexual orientation has been self-reported by respondents in a few studies; however, these studies are only representative for a limited population.

However, during recent years gaining access to information on sexual orientation from register data has become possible in Sweden. The reason for this is that homosexuals in Sweden were allowed to enter into civil unions (*registrerat partnerskap*) by the year 1995. Homosexual individuals who do so have the same legal rights and obligations as married heterosexuals. All individuals who enter civil unions are registered by Statistics Sweden. In this paper, we have access to data on variables such as earnings, age, gender, educational attainment, and region of residence for *all* homosexual individuals who were living in civil unions in Sweden by the year 2003. The data were obtained from the LOUISE database at Statistics Sweden. From this database, we have also randomly selected a comparison group of married heterosexuals for which we have access to corresponding data.

This paper focuses on earnings differentials between homosexuals who are living in civil unions and heterosexual individuals who are married in Sweden. Earnings are defined as yearly income from wage-employment and self-employment. In empirical studies like this, it is a well-known problem that sexual orientation is not an observable trait and that its disclosure can happen voluntarily or involuntarily. However, as argued by Badgett (1995), hiding one's sexual orientation might cause anxiety and stress, and therefore, homosexuals may disclose their sexual orientation voluntarily. Furthermore,

we believe that this problem is minimized since we restrict our study to homosexuals who are living in civil unions. It is reasonable to believe that such homosexuals are more likely than other homosexuals to disclose their sexuality voluntarily.

The present study has some advantages as compared to previous studies. First, the main advantage is that our paper is based on register data and that we have access to information regarding *all* homosexual individuals who were living in civil unions in Sweden by 2003. This implies that our study is based upon a relatively large database and that our measure of sexual orientation does not suffer from the misclassification bias discussed earlier. Second, the large database also allows for a study of regional differences in the earnings differential between homo- and heterosexuals. Third, besides the traditional earnings equations estimated in previous studies, we are also estimating quantile regressions in order to study how the earnings differential between homo- and heterosexuals varies across the earnings distribution in Sweden. Finally, as argued by Plug and Berkhout (2004), studying earnings effects of sexual orientation in a country that is tolerant towards homosexuals adds value to the research field.

The remainder of the paper is organised as follows. The next section describes the data and gives some descriptive statistics, Section 3 contains the results, and conclusions are drawn in Section 4.

2. Data and descriptive statistics

We use data from the LOUISE database at Statistics Sweden. Our data contains all homosexual individuals between 20 and 64 years of age who were living in civil unions in Sweden by the year 2003 and a randomly selected comparison group of married heterosexual individuals in the same age span. Each group consists of 2,684 individuals.

Tables 2 and 3 present descriptive statistics and labour market status for the homo- as well as for the heterosexual individuals in our study. The homosexual individuals are, on average, somewhat younger than the heterosexual individuals. Table 1 also indicates that lesbians, on average, are about four years younger than gay men. Furthermore, gay men and lesbians have higher educational attainment than heterosexuals measured by years of schooling.

The great majority of the homosexual individuals live in metropolitan areas (the counties of Stockholm, Vastra Gotaland, or Skane). Somewhat more than 83 per cent of the gay men are residents in metropolitan areas while the corresponding figure for heterosexual males amounts to somewhat more than 56 per cent. Regarding lesbians, somewhat more than 73 per cent are residing in metropolitan areas. This could be compared to the somewhat more than 51 per cent among heterosexual females. Black, Sanders, and Taylor (2007) argue that one reason, among others, that gay men and lesbians might be disproportionately located in metropolitan areas is that metropolitan residents hold liberal attitudes towards gay men and lesbians. As noted by Clain and Leppel (2001) and Arabsheibani, Marin, and Wadsworth (2004) the concentrations of

homosexuals in metropolitan areas makes it important to control for regional effects in our analysis.

<<TABLE 1 ABOUT HERE>>

Table 2 presents average yearly earnings for the individuals in our study. Almost 90 per cent of the heterosexual males had positive earnings in the year 2003. Among gay men, the corresponding figure amounted to somewhat more than 84 per cent. Regarding females, the share of individuals with positive earnings in the year 2003 amounted to about 84 per cent among heterosexuals and 87 per cent among homosexuals.

The average yearly earnings among heterosexual males amounted to about 303,000 SEK while the corresponding amount among gay men amounted to somewhat more than 273,000 SEK. Thus, male heterosexuals earned about 11 per cent more than male homosexuals. Regarding females, heterosexuals earned almost 10 per cent less than did homosexuals. The average yearly earnings for heterosexual females amounted to 193,000 SEK while the average yearly earnings amounted to 212,000 SEK for lesbians.

Thus, our data suggests that male homosexuals have lower average yearly earnings as well as a lower share of individuals with positive yearly earnings than do male heterosexuals. Regarding females, the opposite occurs. Female homosexuals have higher yearly average earnings as well as a higher share of individuals with positive yearly earnings than do female heterosexuals.

3. Results

3.1 Estimation strategy

In order to isolate the effect of sexual orientation on earnings, we estimate traditional earnings functions by ordinary least squares (OLS) and quantile regressions. All regressions are estimated for the total sample as well as for metropolitan areas and non-metropolitan areas separately. Furthermore, each regression is estimated separately for males and females. The logarithm of yearly earnings is our dependent variable while the individual background variables presented in Table 1 enter our model as control variables. The full set of included variables is presented in the Appendix. First, our model is estimated by OLS for all individuals with positive yearly earnings, as follows:

$$\ln y_i = \alpha_i + Z_i \gamma_i + X_i \beta_i + D_i \lambda_i + \varepsilon_i \tag{1}$$

where $\ln y_i$ is the logarithm of yearly earnings, α is a constant term, and the vector Z_i includes human capital variables, such as age and educational attainment. The variable X_i is a dummy variable indicating whether an individual is homosexual with heterosexuals as the reference group. Finally, the variable D_i is a vector indicating in which branch of the economy the individual is working.

Second, we estimate our model with the help of quantile regressions (See Koenker and Basset, 1978). Contrary to OLS, quantile regression allows us to estimate the marginal effect of a covariate on log earnings at various points of the earnings distribution and not only the mean. Thus, quantile regressions enable us to estimate the effect of being homosexual on the logarithm of earnings at the bottom of the earnings distribution, e.g., at the 10th percentile, and at the top of the earnings distribution, e.g., at the 90th percentile. In our quantile regressions, the coefficient estimates are interpreted as the estimated effects of individual characteristics on the logarithm of earnings at the θ^{h} quantile of the log earnings distribution. The θ^{h} quantile of a random variable y conditional on x is the value q_{θ} such that

$$P[y \le q_{\theta} \mid X] = \theta \quad \text{for} \quad \theta \in (0,1).$$
(2)

The model assumes that q_{θ} is linear in x so that

$$q_{\theta} = X \beta(\theta). \tag{3}$$

The coefficient vector $\beta(\theta)$ is estimated as the solution to

$$\min_{\beta(\theta)} \left\{ \sum_{i: y_i \ge x_i \beta(\theta)} \theta \mid y_i - x_i \beta(\theta) \mid + \sum_{i: y_i < x_i \beta(\theta)} (1 - \theta) \mid y_i - x_i \beta(\theta) \mid \right\}.$$
(4)

We add the same control variables as in the OLS regression and estimate the model for the 10^{th} , the 50^{th} , and the 90^{th} percentile of the earnings distribution and for men and

women separately. Finally, as a sensitivity analysis, we have also estimated our models including only individuals with yearly earnings above one basic amount in the year $2003.^2$

3.2 Results for the total sample

The results from our estimations for the total sample are presented in Table 3. This table reveals that gay men are at an earnings disadvantage as compared to heterosexual males while no statistically significant earnings differential is found between lesbians and heterosexual females. Regarding males, the results from the OLS estimations suggest that gay men earn about 26 per cent less than do heterosexual men.³ The results also reveal that the earnings differential between gay and heterosexual men is considerably larger in the bottom than around the median and in the top of the earnings distribution.

Thus, it seems as if the large earnings differential obtained by the OLS regression is driven to a great extent by the earnings differential between gay and heterosexual men at the bottom of the earnings distribution. If we look at the results from the median regression (i.e., the 50th percentile), the result indicates that gay men earn about 12 per cent less than do heterosexual men. At the top of the earnings distribution (i.e., at the 90th percentile), the earnings differential between gay and heterosexual men amounts to about 11 per cent.

² The basic amount according to the National Insurance Act was 38,600 SEK in 2003.

³ Since yearly earnings are in logarithmic form the earnings differential between homo- and heterosexual are given by $e^{-0.303} - 1 = -0.264$

The fact that the large earnings differential at the bottom of the earnings distribution has a great influence on the OLS results is further underlined by that fact the earnings differential between gay and heterosexual men amounts to around 12 per cent in the OLS regression when the earnings threshold is set to one basic amount. Furthermore, the earnings differential between gay and heterosexual men remains relatively stable at about 10 per cent around the median and at the top of the earnings distribution when the earnings threshold is set to one basic amount.

<<TABLE 3 ABOUT HERE>>

To sum up, our results have shown that gay men are at an earnings disadvantage as compared to heterosexual men. This earnings disadvantage is relatively large at the bottom of the earnings distribution but decreases as we move up in the earnings distribution. The gay-heterosexual earnings differential for men remains relatively stable at around 10–12 per cent from the median and upwards irrespectively of which estimation method is used. Furthermore, the results have shown that there is no statistically significant earnings differential between lesbians and heterosexual females.

3.3 Results for metropolitan and non-metropolitan areas

The results from the separate regressions for metropolitan and non-metropolitan areas are presented in Table 4. As for the total sample, the results for metropolitan as well as for non-metropolitan areas show that the earnings differential between gay and heterosexual men is larger at the bottom than at the top of the earnings distribution. Regarding metropolitan areas, the OLS estimations suggest that gay men earn about 19 per cent less than heterosexual males in metropolitan areas. Here, it is worth noting that we have defined metropolitan areas as the counties of Stockholm, Vastra Gotaland, and Skane. However, the result remains stable if we instead restrict the definition of metropolitan areas to the three largest municipalities in Sweden, i.e., Stockholm, Gothenburg, and Malmo. The earnings differential obtained from the median regression (i.e., the 50th percentile) is considerably smaller and amounts to about 9 per cent. If we instead use one basic amount as the earnings threshold, the OLS results show that gay men earn about 11 per cent less than do heterosexual men in metropolitan areas. The result from the median regression points in the same direction irrespectively of which earnings threshold that is used; gay men earn about 9 per cent less than do heterosexual men in metropolitan areas.

Regarding females, there is no statistically significant earnings differential between lesbians and heterosexual females in metropolitan areas when all individuals with positive earnings are included in the regressions. However, when the earnings threshold is set to one basic amount, the results show that lesbians in metropolitan areas are at an earnings advantage as compared to heterosexual females in such areas. The size of this earnings advantage is estimated to about 8 per cent with the OLS regression. The results from the median regression (i.e., the 50th percentile) indicate that lesbians earn about 7 per cent more than do heterosexual females in metropolitan areas.

<<TABLE 4 ABOUT HERE>>

If we instead turn our attention to non-metropolitan areas, we find that gay men are at an earnings disadvantage as compared to heterosexual men. Once again, the OLS results are driven by a large earnings differential at the bottom of the earnings distribution, but when we examine the results from the median regressions (and for the OLS estimation with the earnings threshold set to one basic amount), we find that the earnings disadvantage for gay men is larger in non-metropolitan areas than in metropolitan areas. Our median regressions and our OLS estimation with the earnings threshold set to one basic amount indicate that gay men earn between 15 and 20 per cent less than do heterosexual men in non-metropolitan areas. Regarding females, there is no statistically significant earnings differential between lesbians and heterosexual women in nonmetropolitan areas irrespectively of which earnings threshold used.

4. Discussion

This paper has been devoted to a study of earnings differentials between homosexual individuals who are living in civil unions and married heterosexual individuals in Sweden. In contrast to previous studies our analysis is based on register data containing large number of observations where we can identify all homosexual individuals who were living in civil unions.

In line with previous research in other countries, the results show that gay men are at an earnings disadvantage as compared to male heterosexuals and that this earnings differential amounts to between 10 and 15 per cent. The results also suggest regional variations between metropolitan and non-metropolitan areas in the earnings of gay men

relative to heterosexual men. Gay men face, to a larger extent, earnings disadvantages in non-metropolitan areas (between 15 and 20 per cent) than in metropolitan areas (less than 10 per cent). These results are also in line with previous findings from the United Kingdom (Arabsheibani, Marin, and Wadsworth, 2004) and the United States (Clain and Leppel, 2001). Regional variations may reflect regional differences in attitudes towards gay men. Some researchers have argued that homosexuals' decisions to live in any particular area depend on the area's prevailing social and political views towards homosexuals (See, for example, Murray, 1996). Regarding females, the results show that the earnings differential between lesbians and heterosexual woman is very small.

Different economic arguments can be considered to explain our results. Following Becker (1957), employers may dislike the lifestyle of gay men but not of lesbians and then act on this bias. Research in social psychology has shown that the attitudes towards gay men are much more hostile than the attitudes towards lesbians: Kite and Whitley (1996) found that heterosexuals tend to express more negative attitudes towards gay men than towards lesbians. Herek (2000) indicated that heterosexual men are more likely to make distinctions according to gender in the sense that they have more hostile attitudes towards gay men. In another study, Herek (2002) illustrated that survey respondents were generally more likely to regard gay men as mentally ill and believed that gay men molest children while they supported adoption rights for lesbians but not for gay men and had more negative personal reactions to gay men than to lesbians. Moreover, Berill (1992) discovered that gay men are the victims of higher-degree violence because of their sexual orientation than are lesbians.

The results could also be explained by an argument based on statistical discrimination (Phelps, 1972). For gay men, an often-mentioned reason for statistical discrimination is HIV/AIDS since this is often the source of negative attitudes towards gay men (Badgett, 2001; Elmslie and Tebaldi, 2007). Elmslie and Tebaldi (2007) argued that since gay men are statistically more likely to contract the virus as compared with heterosexual men, it is reasonable to conclude that employers could use male sexual orientation as a signal for having HIV/AIDS. Statistical discrimination may then occur if employers believe that HIV/AIDS infection decreases workers' productivity. Leigh et al. (1997) showed that HIV/AIDS patients report more days unable to work than similar patients without HIV/AIDS infections. Hence, employers have reason to predict a higher probability of absenteeism and loss of productivity if a worker contracts HIV/AIDS.

In contrast to gay men, most people think that lesbians are more focused on their careers, not on husbands or children, and that they have a strong, aggressive style (Peplau and Fingerhut, 2004). A dominant stereotype is that lesbians do not conform to traditional gender standards and that they are masculine: Lesbians are believed to be more independent, assertive, competitive, and self-confident than are heterosexual women (Kite and Deaux, 1987). Further, lesbians are seldom assumed to be mothers (Kite and Deaux, 1987).

The results may also be explained by theories that are not based on discrimination. For example, a possible explanation could be that different family members specialize in different types of work within the household. As argued by Becker (1981), men often specialize in market labour while women often specialize in household labour. However, gay men are not partnered with women but with other men. This might lead gay men to a larger extent than heterosexual males specialize in household labour with lower earnings as a result. The fact that gay men earn considerably less than heterosexual men at the lower end of the earnings distribution supports this explanation.

Finally, we have to acknowledge one important limitation of this study. We have used new, unique, and relatively large data where we can identify all gay men and lesbians living in civil unions in Sweden. However, our results and conclusions should be examined with some care because our study does not include single gay men and lesbians and gay men and lesbians who are living together but not living in civil unions.

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Tables

	Males		Females	
	Heterosexuals	Homosexuals	Heterosexuals	Homosexuals
Age (years)	48.9	44.8	46.9	40.4
Schooling (years)	11.8	12.7	11.9	12.9
Metropolitan area	56.5	83.5	51.4	73.1
(per cent)				
Northern region	8.2	2.6	11.6	6.4
(per cent)				
Children in the	46.8	0.5	47.6	23.1
household				
(per cent)				
Immigrant	18.0	26.6	17.4	16.5
background				
(per cent)				
Self-employed	11.7	6.2	4.3	6.1
(per cent)				
Branches of				
business	2.2	0.2	0.7	0.7
Agricultural	2.2	0.3	0.7	0.7
(per cent)	22.9	57	7.0	7.0
Manufacturing	22.8	5.7	7.2	7.9
(per cent)	0 1	0.4	0.5	1.3
Building (per cent)	8.2	0.4	0.3	1.5
Service	38.3	41.7	24.1	31.5
(per cent)	30.3	41./	24.1	51.5
Health care	5.8	19.7	24.6	20.6
(per cent)	2.0	17.1	21.0	20.0
Public	5.1	5.1	5.3	8.5
administration			0.0	0.0
(per cent)				
Other	17.6	27.1	37.6	29.5
(per cent)				
Number of	1,337	1,586	1,348	1,099
individuals				

Table 1. Descriptive statistics for hetero- and homosexual individuals (20–64 years of age) by the year 2003.^{a)}

^{a)} For a description of how the variables have been coded, see the Appendix.

	Males			Females		
	Heterosexuals	Homosexuals	Hetero/ Homo	Heterosexuals	Homosexuals	Hetero/ Homo
Total sample						
Yearly earnings > 0 (per cent)	89.5	83.8	1.068	83.5	87.0	0.960
Average yearly earnings (SEK) ¹⁾	303,200	273,100	1.110	193,200	212,500	0.909
Number of individuals	1,337	1,586		1,348	1,099	

 Table 2. Average yearly earnings among hetero- and homosexual individuals (20–64 years of age) in 2003 in the total sample.

¹⁾ Calculated for individuals with positive earnings.

	Males	Males Females							
Individuals with positive yearly earnings									
Variable	OLS	10^{th}	50^{th}	90 th	OLS	10^{th}	50^{th}	90 th	
Homosexual	-0.306	-0.539	-0.122	-0.107	-0.048	-0.175	0.020	0.025	
	(0.000)	(0.024)	(0.000)	(0.022)	(0.424)	(0.481)	(0.464)	(0.513)	
	Indiv	viduals with	yearly earr	nings exceed	ling one bas	sic amount			
Variable	OLS	10^{th}	50^{th}	90 th	OLS	10^{th}	50^{th}	90 th	
Homosexual	-0.123	-0.240	-0.097	-0.112	0.023	0.038	0.032	0.039	
	(0.000)	(0.031)	(0.001)	(0.020)	(0.423)	(0.704)	(0.073)	(0.268)	

 Table 3. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively). P-values within parentheses.

			Metropo	litan area						
Males				Females						
	Individuals with positive yearly earnings									
OLS	10^{th}	50^{th}	90 th	OLS	10^{th}	50^{th}	90 th			
-0.217	-0.318	-0.093	-0.073	0.034	-0.004	0.050	0.035			
(0.006)	(0.182)	(0.005)	(0.135)	(0.660)	(0.988)	(0.162)	(0.339)			
Individuals with yearly earnings exceeding one basic amount										
OLS	10^{th}	50 th	90 th	OLS	10 th	50^{th}	90 th			
-0.112	-0.164	-0.089	-0.092	0.076	0.205	0.066	0.054			
(0.006)	(0.187)	(0.018)	(0.062)	(0.038)	(0.065)	(0.014)	(0.152)			
			Non-metro	politan area	ı					
Males				Females						
		Individua	als with pos	itive yearly	earnings					
OLS	10^{th}	50^{th}	90 th	OLS	10 th	50^{th}	90 th			
-0.476	-1.217	-0.191	-0.095	-0.194	-0.442	-0.034	0.100			
(0.000)	(0.001)	(0.000)	(0.206)	(0.038)	(0.118)	(0.513)	(0.124)			
	Individ	luals with y	early earnin	gs exceedir	ng one basic	amount				
OLS	10^{th}	50 th	90 th	OLS	10 th	50^{th}	90 th			
-0.160	-0.316	-0.150	-0.070	-0.078	-0.174	-0.007	0.092			
(0.000)	(0.073)	(0.001)	(0.370)	(0.081)	(0.238)	(0.881)	(0.193)			
	OLS -0.217 (0.006) OLS -0.112 (0.006) <i>Males</i> OLS -0.476 (0.000) OLS -0.160	OLS 10 th -0.217 -0.318 (0.006) (0.182) Individe OLS 10 th -0.112 -0.164 (0.006) (0.187) Males -0.164 OLS 10 th -0.476 -1.217 (0.000) (0.001) Individe OLS 10 th	$\begin{tabular}{ c c c c c } \hline & & & & & & & & & & & & & & & & & & $	Males Individuals with pos OLS 10^{th} 50^{th} 90^{th} -0.217 -0.318 -0.093 -0.073 (0.006) (0.182) (0.005) (0.135) Individuals with yearly earning OLS 10^{th} 50^{th} 90^{th} -0.112 -0.164 -0.089 -0.092 (0.006) (0.187) (0.018) (0.062) -0.112 -0.164 -0.089 -0.092 (0.0062) Non-metro Males Individuals with post (0.062) Non-metro Males Individuals with post $00LS$ 10^{th} 50^{th} 90^{th} -0.476 -1.217 -0.191 -0.095 (0.000) (0.206) Individuals with yearly earning $0LS$ 10^{th} 50^{th} 90^{th} -0.160 -0.316 -0.150 -0.070 -0.070	Individuals with positive yearly OLS 10^{th} 50^{th} 90^{th} OLS -0.217 -0.318 -0.093 -0.073 0.034 (0.006) (0.182) (0.005) (0.135) (0.660) Individuals with yearly earnings exceedin OLS 10 th 50^{th} 90^{th} OLS -0.112 -0.164 -0.089 -0.092 0.076 (0.006) (0.187) (0.018) (0.062) (0.038) -0.112 -0.164 -0.089 -0.092 0.076 (0.006) (0.187) (0.018) (0.062) (0.038) Males Females Individuals with positive yearly OLS 10 th 50 th 90 th OLS -0.476 -1.217 -0.191 -0.095 -0.194 (0.000) (0.001) (0.000) (0.206) (0.038) Individuals with yearly earnings exceedin OLS 10 th 50 th 90 th OLS	Males Females Individuals with positive yearly earnings OLS 10^{th} 50^{th} 90^{th} OLS 10^{th} -0.217 -0.318 -0.093 -0.073 0.034 -0.004 (0.006) (0.182) (0.005) (0.135) (0.660) (0.988) Individuals with yearly earnings exceeding one basic OLS 10^{th} 50^{th} 90^{th} OLS 10^{th} -0.112 -0.164 -0.089 -0.092 0.076 0.205 (0.006) (0.187) (0.018) (0.062) (0.038) (0.065) -0.112 -0.164 -0.089 -0.092 0.076 0.205 (0.006) (0.187) (0.018) (0.062) (0.038) (0.065) Non-metropolitan area Males Females Individuals with positive yearly earnings OLS 10^{th} 50^{th} 90^{th} OLS 10^{th} -0.476 -1.217 -0.191 -0.095 -0.194 -0.442	Males Females Individuals with positive yearly earnings OLS 10 th 50 th OLS 10 th 50 th -0.217 -0.073 0.034 -0.004 0.050 (0.006) (0.182) (0.005) (0.135) (0.660) (0.988) (0.162) Individuals with yearly earnings exceeding one basic amount OLS 10 th 50 th -0.073 0.034 -0.004 0.050 Individuals with yearly earnings exceeding one basic amount OLS 10 th 50 th -0.0164 -0.092 0.076 0.205 0.066 (0.006) (0.187) (0.062) (0.038) (0.014) Individuals with positive yearly earnings OLS 10 th <th< td=""></th<>			

Table 4. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for metropolitan areas and non-metropolitan areas separately. P-values within parentheses.

Appendix

Dependent variable:	Explanation:
y _i	The individual's yearly earnings in hundreds of
	SEK (in logarithmic form)
Independent variable:	
Age	The individual's age in years
Schooling	The individual's educational attainment measured
	by years of schooling
Metropolitan area	1 Resides in the county of Stockholm, Vastra
	Gotaland, or Skane
	0 other
Northern region	1 Resides in the county of Vasternorrland,
	Jamtland, Vasterbotten, or Norrbotten
	0 other
Children in the household	1 Children below 18 years of age in the household
	0 other
Immigrant background	1 Foreign born
	0 other
Self-employed	1 Self-employed
	0 other
Agricultural	1 Employed in the agricultural sector
	0 other
Manufacturing	1 Employed in the manufacturing sector
	0 other
Building	1 Employed in the building sector
	0 other
Service	1 Employed in the service sector
	0 other
Health care	1 Employed in the health care sector
	0 other
Public administration	1 Employed in public administration
	0 other

Table A1. Dependent and explanatory variables used in the earnings functions.

	Males	•		Ŭ	Females			
Variable	OLS	10^{th}	50 th	90 th	OLS	10^{th}	50 th	90 th
Constant	3.029	-2.072	4.743	5.629	2.712	-1.872	4.065	4.889
	(0.000)	(0.211)	(0.000)	(0.000)	(0.000)	(0.276)	(0.000)	(0.000)
Age	0.140	0.312	0.083	0.047	0.119	0.209	0.104	0.081
-	(0.000)	(0.000)	(0.000)	(0.003)	(0.000)	(0.011)	(0.000)	(0.000)
Agesq	-0.001	-0.004	-0.001	-0.000	-0.001	-0.002	-0.001	-0.001
	(0.000)	(0.000)	(0.000)	(0.028)	(0.000)	(0.033)	(0.000)	(0.000)
Years of	0.105	0.136	0.080	0.092	0.119	0.220	0.079	0.084
schooling	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Metropolitan	0.095	0.170	0.124	0.112	0.047	0.005	0.095	0.111
area	(0.073)	(0.381)	(0.000)	(0.007)	(0.403)	(0.983)	(0.000)	(0.001)
Northern	-0.196	-0.415	-0.017	-0.094	-0.022	-0.019	0.054	0.045
region	(0.055)	(0.246)	(0.732)	(0.228)	(0.813)	(0.959)	(0.203)	(0.406)
Children in the	-0.081	-0.181	0.008	0.078	-0.095	-0.094	-0.121	-0.059
household	(0.247)	(0.476)	(0.813)	(0.136)	(0.126)	(0.697)	(0.000)	(0.138)
Immigrant	-0.381	-0.919	-0.259	-0.088	-0.267	-0.363	-0.198	-0.067
background	(0.000)	(0.000)	(0.000)	(0.041)	(0.000)	(0.193)	(0.000)	(0.118)
Self-employed	-0.260	-0.407	-0.351	-0.144	-0.232	-0.304	-0.273	0.088
	(0.000)	(0.116)	(0.000)	(0.010)	(0.029)	(0.460)	(0.000)	(0.158)
Agricultural	-0.147	0.692	-0.291	-0.051	-1.260	-4.628	-1.094	-0.564
	(0.460)	(0.315)	(0.002)	(0.737)	(0.000)	(0.000)	(0.000)	(0.000)
Manufacturing	0.614	1.457	0.303	0.322	0.573	0.961	0.299	0.314
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.018)	(0.000)	(0.000)
Building	0.371	1.113	0.213	0.127	0.414	0.916	0.128	0.111
	(0.003)	(0.014)	(0.000)	(0.184)	(0.095)	(0.358)	(0.256)	(0.452)
Service	0.333	0.745	0.190	0.359	0.283	0.208	0.161	0.269
	(0.000)	(0.008)	(0.000)	(0.000)	(0.000)	(0.485)	(0.000)	(0.000)
Health care	0.447	1.229	0.154	0.344	0.253	0.360	0.070	0.114
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.213)	(0.033)	(0.007)
Administration	0.304	0.632	0.206	0.242	0.405	0.811	0.185	0.160
	(0.005)	(0.104)	(0.000)	(0.003)	(0.000)	(0.046)	(0.000)	(0.008)
Homosexual	-0.306	-0.539	-0.122	-0.107	-0.048	-0.175	0.020	0.025
	(0.000)	(0.024)	(0.000)	(0.022)	(0.424)	(0.481)	(0.464)	(0.513)
Number of	2,525	2,525	2,525	2,525	2,057	2,057	2,057	2,057
observations								
R^2	0.129	0.104	0.102	0.140	0.124	0.091	0.093	0.128

Table A2. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for individuals with positive yearly earnings. P-values within parentheses.

par entiteses.	Males				Females				
Variable	OLS	10 th	50 th	90 th	OLS	10 th	50 th	90 th	
Constant	5.023	4.274	5.571	5.996	4.535	3.391	4.931	5.221	
Constant	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	
Age	0.072	0.087	0.052	0.034	0.088	0.123	0.072	0.073	
1150	(0.000)	(0.019)	(0.000)	(0.038)	(0.000)	(0.001)	(0.000)	(0.000)	
Agesq	-0.001	-0.001	-0.001	-0.000	-0.001	-0.001	-0.001	-0.001	
1.8004	(0.000)	(0.027)	(0.000)	(0.160)	(0.000)	(0.000)	(0.000)	(0.000)	
Years of	0.078	0.081	0.074	0.090	0.068	0.048	0.069	0.074	
schooling	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.011)	(0.000)	(0.000)	
Metropolitan	0.114	0.141	0.098	0.126	0.098	0.030	0.112	0.123	
area	(0.000)	(0.120)	(0.000)	(0.003)	(0.000)	(0.748)	(0.000)	(0.000)	
Northern	-0.073	-0.186	-0.008	-0.123	0.057	0.048	0.072	0.038	
region	(0.162)	(0.278)	(0.872)	(0.115)	(0.195)	(0.755)	(0.009)	(0.434)	
Children in the	0.029	-0.048	0.018	0.059	-0.083	-0.002	-0.075	-0.052	
household	(0.418)	(0.689)	(0.599)	(0.269)	(0.005)	(0.986)	(0.000)	(0.150)	
Immigrant	-0.259	-0.648	-0.194	-0.068	-0.161	-0.403	-0.102	-0.068	
background	(0.000)	(0.000)	(0.000)	(0.120)	(0.000)	(0.001)	(0.000)	(0.075)	
Self-employed	-0.337	-0.525	-0.306	-0.152	-0.227	-0.607	-0.209	0.085	
	(0.000)	(0.000)	(0.000)	(0.007)	(0.000)	(0.000)	(0.000)	(0.139)	
Agricultural	-0.284	-0.360	-0.283	-0.067	-0.410	-0.044	-0.523	-0.596	
	(0.005)	(0.219)	(0.003)	(0.667)	(0.012)	(0.937)	(0.000)	(0.001)	
Manufacturing	0.288	0.406	0.257	0.310	0.300	0.410	0.247	0.281	
	(0.000)	(0.008)	(0.000)	(0.000)	(0.000)	(0.012)	(0.000)	(0.000)	
Building	0.180	0.303	0.211	0.197	0.127	0.072	0.239	0.097	
	(0.005)	(0.155)	(0.000)	(0.047)	(0.292)	(0.831)	(0.001)	(0.367)	
Service	0.199	0.152	0.189	0.370	0.183	0.138	0.178	0.272	
	(0.000)	(0.255)	(0.000)	(0.000)	(0.000)	(0.251)	(0.000)	(0.000)	
Health care	0.172	0.220	0.125	0.350	0.083	0.057	0.056	0.086	
	(0.000)	(0.136)	(0.003)	(0.000)	(0.015)	(0.627)	(0.008)	(0.026)	
Administration	0.180	0.116	0.228	0.243	0.149	0.285	0.145	0.125	
	(0.001)	(0.536)	(0.000)	(0.004)	(0.002)	(0.074)	(0.000)	(0.014)	
Homosexual	-0.123	-0.240	-0.097	-0.107	0.023	0.038	0.032	0.039	
	(0.000)	(0.031)	(0.001)	(0.022)	(0.423)	(0.704)	(0.073)	(0.268)	
Number of	2,328	2,328	2,328	2,328	1,828	1,828	1,828	1,828	
observations									
R^2	0.236	0.157	0.143	0.170	0.183	0.091	0.131	0.165	

Table A3. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for individuals with yearly earnings exceeding one basic amount. P-values within parentheses.

par entrieses.	Males				Females			
Variable	OLS	10 th	50 th	90 th	OLS	10 th	50 th	90 th
Constant	2.775	-3.393	4.512	5.586	2.678	-1.823	3.902	4.739
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.340)	(0.000)	(0.000)
Age	0.155	0.384	0.094	0.056	0.117	0.189	0.106	0.097
0	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.037)	(0.000)	(0.000)
Agesq	-0.002	-0.004	-0.001	-0.000	-0.001	-0.002	-0.001	-0.001
	(0.000)	(0.000)	(0.000)	(0.008)	(0.000)	(0.090)	(0.000)	(0.000)
Years of	0.102	0.142	0.086	0.085	0.116	0.222	0.085	0.077
schooling	(0.000)	(0.000)	(0.000)	(0.007)	(0.000)	(0.000)	(0.000)	(0.000)
Children in the	0.003	-0.126	-0.004	0.209	-0.039	0.014	-0.093	-0.056
household	(0.974)	(0.659)	(0.918)	(0.058)	(0.628)	(0.960)	(0.014)	(0.134)
Immigrant	-0.355	-0.968	-0.256	-0.099	-0.260	-0.356	-0.161	-0.036
background	(0.000)	(0.000)	(0.000)	(0.014)	(0.003)	(0.248)	(0.000)	(0.352)
Self-employed	-0.276	-0.334	-0.337	-0.141	-0.370	-0.732	-0.428	0.089
	(0.002)	(0.241)	(0.000)	(0.017)	(0.007)	(0.100)	(0.000)	(0.134)
Agricultural	0.071	0.679	-0.262	0.042	-1.717	-4.941	-0.466	-0.768
	(0.799)	(0.349)	(0.023)	(0.790)	(0.000)	(0.000)	(0.008)	(0.000)
Manufacturing	0.579	1.223	0.368	0.352	0.530	0.956	0.342	0.290
	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.044)	(0.000)	(0.000)
Building	0.230	0.306	0.161	-0.011	0.386	0.778	0.186	0.086
	(0.185)	(0.572)	(0.028)	(0.917)	(0.204)	(0.401)	(0.167)	(0.459)
Service	0.280	0.534	0.208	0.316	0.388	0.570	0.228	0.289
	(0.002)	(0.076)	(0.000)	(0.000)	(0.000)	(0.090)	(0.000)	(0.000)
Health care	0.399	1.005	0.199	0.306	0.295	0.604	0.108	0.082
	(0.000)	(0.002)	(0.000)	(0.000)	(0.002)	(0.082)	(0.018)	(0.064)
Administration	0.293	0.769	0.221	0.192	0.570	1.055	0.251	0.151
	(0.024)	(0.056)	(0.000)	(0.021)	(0.621)	(0.018)	(0.000)	(0.007)
Homosexual	-0.217	-0.318	-0.093	-0.073	0.033	-0.004	0.050	0.035
	(0.006)	(0.182)	(0.005)	(0.135)	(0.660)	(0.988)	(0.162)	(0.339)
Number of	1,779	1,779	1,779	1,779	1,279	1,279	1,279	1,279
observations								
R^2	0.125	0.102	0.108	0.141	0.138	0.110	0.098	0.124

Table A4. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for individuals with positive yearly earnings in metropolitan areas. P-values within parentheses.

	Males				Females			
Variable	OLS	10^{th}	50 th	90 th	OLS	10 th	50 th	90 th
Constant	4.011	-1.218	5.680	6.201	2.865	-1.986	4.463	6.133
	(0.000)	(0.609)	(0.000)	(0.000)	(0.000)	(0.314)	(0.000)	(0.000)
Age	0.097	0.246	0.054	0.025	0.123	0.239	0.099	0.013
	(0.007)	(0.027)	(0.000)	(0.394)	(0.001)	(0.011)	(0.000)	(0.527)
Agesq	-0.001	-0.003	-0.001	-0.000	-0.002	-0.002	-0.001	-0.000
	(0.006)	(0.028)	(0.001)	(0.568)	(0.000)	(0.031)	(0.000)	(0.988)
Years of	0.113	0.196	0.068	0.096	0.122	0.239	0.069	0.085
schooling	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Children in the	-0.177	-0.254	0.014	-0.047	-0.200	-0.671	-0.169	0.011
household	(0.086)	(0.416)	(0.746)	(0.593)	(0.041)	(0.020)	(0.002)	(0.873)
Immigrant	-0.476	-0.614	-0.304	-0.026	-0.295	-0.930	-0.177	-0.027
background	(0.000)	(0.061)	(0.000)	(0.779)	(0.017)	(0.008)	(0.009)	(0.738)
Self-employed	-0.237	-0.407	-0.326	-0.171	0.048	-0.014	-0.212	0.079
	(0.053)	(0.239)	(0.000)	(0.073)	(0.772)	(0.979)	(0.021)	(0.043)
Agricultural	-0.351	-1.883	-0.361	-0.055	-0.824	-1.115	-1.246	-0.335
	(0.209)	(0.011)	(0.002)	(0.769)	(0.032)	(0.022)	(0.000)	(0.003)
Manufacturing	0.703	1.226	0.224	0.319	0.637	0.772	0.276	0.375
	(0.000)	(0.043)	(0.000)	(0.001)	(0.000)	(0.070)	(0.001)	(0.000)
Building	0.562	1.114	0.256	0.300	0.503	0.416	0.315	0.273
	(0.002)	(0.043)	(0.001)	(0.021)	(0.246)	(0.406)	(0.117)	(0.021)
Service	0.467	0.810	0.156	0.340	0.078	-0.432	0.102	0.179
	(0.001)	(0.049)	(0.004)	(0.000)	(0.482)	(0.190)	(0.101)	(0.023)
Health care	0.542	0.772	0.073	0.372	0.185	-0.100	0.044	0.144
	(0.000)	(0.081)	(0.252)	(0.001)	(0.071)	(0.743)	(0.438)	(0.041)
Administration	0.252	-0.564	0.198	0.322	0.080	0.017	0.008	0.139
	(0.219)	(0.334)	(0.022)	(0.029)	(0.621)	(0.971)	(0.925)	(0.179)
Homosexual	-0.476	-1.126	-0.192	-0.095	-0.194	-0.442	-0.034	0.100
	(0.000)	(0.352)	(0.000)	(0.206)	(0.038)	(0.118)	(0.513)	(0.124)
Number of	746	746	746	746	778	778	778	778
observations								
R^2	0.149	0.158	0.094	0.131	0.125	0.108	0.085	0.123

Table A5. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for individuals with positive yearly earnings in non-metropolitan areas. P-values within parentheses.

•	Males	•			Females				
Variable	OLS	10 th	50 th	90 th	OLS	10 th	50 th	90 th	
Constant	4.851	4.063	5.390	5.729	4.673	4.307	4.918	4.841	
	(0.000)	(0.000)	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.000)	
Age	0.085	0.103	0.062	0.051	0.083	0.083	0.072	0.094	
	(0.000)	(0.019)	(0.000)	(0.001)	(0.000)	(0.046)	(0.000)	(0.000)	
Agesq	-0.001	-0.001	-0.001	-0.000	-0.001	-0.001	-0.001	-0.001	
	(0.000)	(0.023)	(0.000)	(0.017)	(0.000)	(0.094)	(0.000)	(0.000)	
Years of	0.078	0.089	0.080	0.087	0.067	0.026	0.074	0.075	
schooling	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.257)	(0.000)	(0.000)	
Children in the	0.028	-0.070	-0.010	0.200	-0.039	0.111	-0.041	-0.046	
household	(0.047)	(0.649)	(0.826)	(0.001)	(0.316)	(0.348)	(0.149)	(0.224)	
Immigrant	-0.267	-0.682	-0.195	-0.075	-0.146	-0.419	-0.082	-0.039	
background	(0.000)	(0.000)	(0.000)	(0.070)	(0.001)	(0.002)	(0.010)	(0.334)	
Self-employed	-0.339	-0.552	-0.312	-0.173	-0.252	-0.576	-0.257	0.169	
	(0.000)	(0.000)	(0.000)	(0.004)	(0.000)	(0.004)	(0.000)	(0.003)	
Agricultural	-0.325	-0.417	-0.327	0.060	-0.459	-0.045	-0.509	-0.839	
	(0.018)	(0.269)	(0.009)	(0.698)	(0.036)	(0.868)	(0.000)	(0.000)	
Manufacturing	0.304	0.259	0.319	0.330	0.279	0.365	0.263	0.276	
	(0.000)	(0.160)	(0.000)	(0.000)	(0.000)	(0.071)	(0.000)	(0.000)	
Building	0.071	0.209	0.161	-0.036	0.025	-0.006	0.110	0.080	
	(0.423)	(0.439)	(0.052)	(0.742)	(0.868)	(0.989)	(0.287)	(0.513)	
Service	0.185	0.035	0.200	0.324	0.208	0.131	0.193	0.306	
	(0.000)	(0.822)	(0.000)	(0.000)	(0.000)	(0.365)	(0.000)	(0.000)	
Health care	0.156	0.120	0.147	0.287	0.107	0.176	0.067	0.094	
	(0.003)	(0.482)	(0.003)	(0.000)	(0.023)	(0.239)	(0.049)	(0.034)	
Administration	0.187	0.102	0.243	0.181	0.204	0.360	0.179	0.148	
	(0.005)	(0.635)	(0.000)	(0.028)	(0.001)	(0.055)	(0.000)	(0.006)	
Homosexual	-0.112	-0.168	-0.089	-0.092	0.076	0.205	0.066	0.054	
	(0.006)	(0.187)	(0.018)	(0.062)	(0.038)	(0.065)	(0.014)	(0.152)	
Number of	1,636	1,636	1,636	1,636	1,132	1,132	1,132	1,132	
observations									
R^2	0.246	0.167	0.153	0.169	0.171	0.087	0.127	0.159	

Table A6. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for individuals with positive yearly earnings exceeding one basic amount in metropolitan areas. P-values within parentheses.

•	Males	•			Females				
Variable	OLS	10^{th}	50 th	90 th	OLS	10^{th}	50 th	90 th	
Constant	5.756	4.220	6.062	6.311	4.522	2.417	5.070	6.281	
	(0.000)	(0.001)	(0.000)	(0.000)	(0.000)	(0.012)	(0.000)	(0.000)	
Age	0.039	0.064	0.037	0.021	0.096	0.159	0.075	0.015	
-	(0.038)	(0.280)	(0.020)	(0.455)	(0.000)	(0.001)	(0.000)	(0.513)	
Agesq	-0.000	-0.001	-0.000	-0.000	-0.001	-0.002	-0.001	-0.000	
	(0.000)	(0.317)	(0.053)	(0.657)	(0.000)	(0.003)	(0.000)	(0.838)	
Years of	0.076	0.090	0.066	0.091	0.070	0.072	0.064	0.080	
schooling	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.005)	(0.000)	(0.000)	
Children in the	0.032	0.026	0.031	-0.024	-0.155	-0.079	-0.126	0.006	
household	(0.543)	(0.867)	(0.495)	(0.770)	(0.001)	(0.598)	(0.010)	(0.937)	
Immigrant	-0.215	-0.632	-0.146	-0.039	-0.197	-0.364	-0.135	-0.083	
background	(0.001)	(0.000)	(0.008)	(0.665)	(0.001)	(0.019)	(0.028)	(0.289)	
Self-employed	-0.341	-0.515	-0.223	-0.070	-0.177	-0.451	-0.148	0.049	
	(0.000)	(0.003)	(0.000)	(0.413)	(0.028)	(0.048)	(0.078)	(0.668)	
Agricultural	-0.225	0.024	-0.316	-0.054	-0.377	-0.414	-0.611	-0.300	
	(0.132)	(0.950)	(0.009)	(0.624)	(0.118)	(0.154)	(0.007)	(0.039)	
Manufacturing	0.274	0.852	0.192	0.313	0.337	0.673	0.235	0.297	
	(0.000)	(0.000)	(0.002)	(0.002)	(0.000)	(0.001)	(0.001)	(0.007)	
Building	0.294	0.852	0.231	0.297	0.389	0.724	0.273	0.293	
	(0.002)	(0.002)	(0.003)	(0.020)	(0.068)	(0.004)	(0.126)	(0.025)	
Service	0.232	0.557	0.164	0.341	0.135	0.195	0.133	0.226	
	(0.001)	(0.005)	(0.004)	(0.001)	(0.011)	(0.241)	(0.017)	(0.006)	
Health care	0.203	0.475	0.075	0.370	0.050	0.097	0.031	0.128	
	(0.011)	(0.039)	(0.257)	(0.002)	(0.297)	(0.511)	(0.536)	(0.084)	
Administration	0.142	0.298	0.197	0.308	0.043	0.165	0.045	0.140	
	(0.190)	(0.356)	(0.027)	(0.050)	(0.570)	(0.446)	(0.569)	(0.210)	
Homosexual	-0.160	-0.316	-0.150	-0.070	-0.078	-0.174	-0.007	0.092	
	(0.005)	(0.073)	(0.001)	(0.370)	(0.081)	(0.238)	(0.881)	(0.193)	
Number of	692	692	692	692	696	696	696	696	
observations									
\mathbb{R}^2	0.199	0.143	0.124	0.164	0.196	0.144	0.117	0.162	

Table A7. Estimation results from OLS and quantile regressions (10th, 50th, and 90th percentile, respectively) for individuals with positive yearly earnings exceeding one basic amount in non-metropolitan areas. P-values within parentheses.