

Reading Note on GENDER IDENTITY AND RELATIVE INCOME WITHIN HOUSEHOLDS

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1 Introduction

Bertrand et al. (2015) want to explore the common phenomenon that women have relatively low wage than men in the labor market. This phenomenon can be split into three different conditions: 1) a single man is less likely to marry with a single woman with higher wage than him; 2) a married woman who has potential higher wage is discouraged to work; 3) a married woman who has higher wage than her husband often has conflict within her marriage and take more housework.

The paper also proposes that this phenomenon is mainly due to the social norm of gender identity, where people attach higher importance of men labor force than women implicitly. By a series of regression analyses, the authors also check the applicability of those classic models for explaining the marriage market. They overturn the traditional explanations that marriage is intended for joint production and consumption and also the comparative advantage model.

In addition, the first author, Marianne Bertrand, who is a great applied micro-economist, has a deep interest in the labor market and is currently working at the University of Chicago Booth School of Business. After this paper, she further explores the heterogeneity of marriage rates between skilled and less skilled women, which is the extension of the second condition in the above discussion.

In this note, I will briefly overview the theoretical foundation, data, empirical strategy, the main findings of the paper, and then give my comments on this paper.

2 Overview

2.1 Theoretical foundation

Based on the observations of decreasing marriage rate in the marriage market and women's increasing wage in the labor market, the authors initially resort to the traditional economic theory for explanation. First of all, the traditional marriage market theory proposes that

marriage market: marriage is formed for the purpose of joint production and consumption. However, under this theoretical model, the women’s increasing income should bring them the larger benefit and attractiveness instead of the lower marriage rate.

Then they try to use the comparative advantage theory to explain these two conflicting phenomena. Specifically, if women have higher efficiency in the labor market, they should participate more in the labor market in stead of home production. Nonetheless, the authors point out the phenomenon that the higher income women still have high participation in home production and even more than those women who are not so productive in the labor market. Besides, higher relative income should have even strengthened wife’s bargaining power in the marriage. Therefore, these contradictions force the authors to find new theories.

Finally, the authors came across a theory from the sociology literature that attributes the weird phenomenon to the social norm towards the gender identity. Particularly, the theory proposes that identity gives people a sense of belonging but also increases people’s cost of deviating from the social norm or the behavioral prescriptions. This gives the authors a basis to build their empirical models in the later works.

2.2 Data and empirical strategy

In addition to the exploration in theoretical framework, the authors have brilliant data processing work and a series of well developed and almost seamless empirical analyses.

For data processing part, they use both cross section data and panel data in six datasets (i.e. SIPP, ACS, NSFH, ATUS, CPS and PSID). One of the most amazing parts is how they deal with the top-coded/rounded/imputed data. They use de-rounding and regenerating methods to create the estimated dataset. Besides, they also create a lot of great measures such as the $PrWomenEarnsMore_i$ and $PrWomenEarnsMoreAtMarriage_i$, which make full use of the distribution of the existing data.

For empirical strategies, they use the basic OLS and linear probability models to test the relationship between the probability of women earns more than men and the other important marriage and labor market measures (e.g. marriage rate, wife’s labor participation, income gap, happiness level, divorce rate and home production hours). One of the most important specifications is to include the control variable *relativeIncome*. For example, the authors run a regression to explore the effect of women’s higher wage on their home production hours in the Table VI. Before adding the *relativeIncome* the coefficient is relative low (i.e. 1.263, $p < 0.1$). After adding the control variable, they got higher coefficient (i.e. 2.183, $p < 0.01$). This result supports Beckerian forces and social norm theory simultaneously. In other words, these two competing effects offset each other in the former result. Except for the basic regression analysis, the author also include some robustness checks. They use two strategies: 1) restricting the sample; and 2) changing different specifications. And measure like $PrWomenEarnsMoreAtMarriage_i$ can make even the cross section data yield similar conclusions as panel data.

2.3 Findings

There are mainly three contributions: 1) the paper complements existing work on how the variation in attitudes towards gender influences women's labor supply; (2) it also contributes to the existing literature in sociology that examines the relationship between relative income and divorce as well as marital satisfaction, and the impact of relative income conditional on individual's income; 3) furthermore, they also find that the gender gap in nonmarket work is greater when the wife earns more than the husband compared to the previous finding that only focus on the social division of women instead of the compensating effect.

3 Conclusion

3.1 Summary

In conclusion, the paper uses a series of regression analyses to establish the relationships between relative income within households and the labor and marriage market outcomes. They show that the behavior prescriptions brought by social norm can decrease women's labor supply and the wives with higher relative wages than her husbands will even do more housework to compensate her husband's feeling of losing the breadwinner position.

3.2 Limitations

Regarding the limitation of this paper, I think it only use education level to measure the gender role stereotype level, but family structure and personal belief might be different among families. Some well educated people might still have traditional and stubborn opinions. Besides, higher educated people may have more opportunity to participate in a high wage industry, so the working industry is also important when comparing the family production hours. Specifically, women may have relatively higher payment and more leisure time at the same time. This is not captured in the analysis in the paper. But the author explores more on the labor market performance of women with different skill levels in the 2020's paper, which can be great complement for this paper.