

Econ 613 Reading Note

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Marianne Bertrand, Emir Kamenica and Jessica Pan (2015), in their article "Gender Identity and Relative Income within Households", analyzed the role played by *gender identity norms* in marriage and labor market. They argue that gender related behavior prescription, "a man should earn more than his wife", influence marriage rates, women's labor force participation and realized income, marital stability, and home production.

Previous studies showed that despite decline of gender gap in both labor force participation and income since the mid-twentieth century, the increase in women's labor supply and relative earnings has become trivial since around the mid-1990s (Blau and Kahn, 2006). Thus, many researchers started to take less traditional perspective on the gender gap problem (Bertrand 2010). Only a few researches examined the gender attitudes as a factor that might account for female labor supply (Fernandez, Fogli, and Olivetti 2004). Other studies on traditional gender attitudes documented the effects of relative income between man and women on home production, divorce (West and Zimmerman, 1987) and dating pattern (Fisman et al., 2006).

Using data from the Survey of Income and Program Participation, the U.S. Census Bureau, and the American Community Survey (ACS), the authors analyze the distribution of relative income during 1990-2011. They find that the distribution is discontinuous and significantly drops when the wife's relative income exceeds 50%. In addition, the discontinuity drop is greater among less-educated couples compared with higher-educated couples. Combined with the fact that less-educated people are more likely to agree with the claim that a wife should not earn more than her husband, the authors argue that gender attitudes are account for this discontinuous pattern.

To analyze the influence of relative income, the authors use linear regression with fixed effects and control variables. They use data in 1980-2000 and in 2008-2011 from the U.S. Census and the ACS. To explore the impact of relative income on marriage rate, they regress the percentage of men who actually married on the probability that a randomly selected woman earns more than a randomly selected man. To avoid omitted variable bias, they constructed an instrumental variable, which has relationship with income but is solely driven by aggregate factors. Next, to study women's labor supply and relative income, they regress a binary variable, which represents whether the wife participates in the labor market, on the probability of a woman's potential income exceeds her husband's. They also use the income gap, which defined as the percentage difference between wife's actual income and potential income, as dependent variable. Third, to capture the effects of relative income on marital stability, they use the National survey of Family and Households data in 1987-99

and 1992-94. For each couple they regress their marriage satisfaction level on whether the wife's relative income is greater than 50%. They use data from the American Time Use Survey and Current Population Survey in 2003-2011 to estimate the effect on home production. To do so they regress the number of hours per week a wife spent on *chores* and *childcare* on whether she earns more than her husband. Finally, a panel data constructed using data from the family files (1968-2009) and the marital history file (2009) is used for *within-couple* analysis. The authors use linear models to estimate the influence of wife's relative income on her labor force participation, likelihood of divorce and the amount of housework she does.

Most of findings of the above analyses are statistically significant. A marriage market where women's are more likely to earn higher income would have lower marriage rate. If a wife earns more than her husband, she is more likely to retrieve from job market, earn lower than her potential income, and spend more time on housework. In addition, couples are more likely to divorce if the wife earns more than the husband.

The results and findings of this article support the authors' argument that *gender identity norm* "a man should earn more than his wife" affects women's relative income, marriage rate, female labor supply, marriage happiness, divorce, and home production. These results indicate that to achieve equal opportunity between men and women it is important to change the social norms and gender attitude. These concepts are rooted in people's mind and changing them could be a slow process. Since the results on relative income and divorce are not statistically significant, this article could be more convincing if they had find significant evidence on the relationship between relative income and divorce. In addition, the analysis could be more complete if the authors had focused on countries other than the United States.

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