

Econ 613 Reading notes

GENDER IDENTITY AND RELATIVE INCOME WITHIN HOUSEHOLDS

Yaqi Hu

It is an interesting phenomenon that the distribution of the share of household income earned by the wife drops sharply at $\frac{1}{2}$ —where the wife starts to earn more than the husband, which can not be explained by standard economic models of the marriage market. The motivation of paper is to explain the fact by proposing gender identity norms.

Firstly, the paper estimated the effect of gender identity norms on marriage rate of men by OLS regression, controlling marriage market fixed effect and year fixed effect. The estimated gender identity norms parameter is negative and significant, implying increasing in the income of women relative to that of man explains decline in marriage rates from 1980 to 2010. Furthermore, the paper construct an Bartik instrument for the entire distribution of potential income in each marriage market as a variable to better represent the gender identity norms and conducts OLS regression for less educated markets and more educated markets. The significant parameter of less educated markets is -0.631 compared with 0.141 in more educated markets, demonstrating the gender identity norms hypothesis. The paper gives intuition of “couples are less likely to form if the wife’s income would exceed the husband’s” by specialization: As the probability that women earns more than men increases, there are smaller “gains from trade” that can be achieved through marriage. (Table I)

Secondly, the paper estimates the effect of gender identity norms on two labour supply variables (labor force participation and income gap) by a linear probability model and linear OLS model controlling income and non income effect. The estimated effect is economically significant in probit model of labor force participation, showing that woman who is willing to marry a man whose income is below her potential income might have unobservable characteristics that keep her out of the labor force. (Table II) On the other hand, the economically significant parameters infer that the wife simply reduces her earnings to a level that does not threaten the husband’s status in order to restore traditional gender roles. (Table III)

Thirdly, the paper estimates the effect of gender identity norms on three marital stability variables, which measure marriage satisfaction, trouble and separation by a linear probability model controlling absolute difference in income rank, relative income fixed effect, flexible income and non income effect. The paper finds no impact of adding control variables on estimated gender identity norms parameter: estimated parameter are economically significant all the time and differences in all controlling variables have no predictive power; what matters is whether the wife earns more than the husband in absolute terms. (Table IV) The next step is to turn away from survey data to the revealed stability variable, divorced rate, using the same model and controlling the absolute difference in income rank and relative income. Results are consistent with the previous. (Table V)

Fourthly, the paper estimates the effect of gender identity norms on hours spent on chores and childcare as home production variables by OLS model controlling presence of children, relative income fixed effect, flexible income and non income effect respectively. Estimated gender identity norms parameter are significant except in the baseline model and the parameters are positive, indicating that women who are overly successful in the labor force pay for this success at home to abate the reversal of the traditional gender roles. Moreover, the results are robust to restricting the sample to couples where both the wife and the husband have strictly positive earnings as well as time-use during weekdays only. (Table VI)

Finally, the paper estimates within-couple variation by adding couple fixed effect term in previous models and conducts the regression on labor force participation, divorced rate and a new dependent variable, gap in housework. The economically significant parameters verify that the social norm “a man should earn more than his wife” influences the distribution of relative income within households, the patterns of marriage and divorce, women’s labor supply, and the division of home production activities between husbands and wives.

Appendix:

