A Good Job or A Rich Spouse?

An Analysis of the Labor and Marriage Markets in the US, 1960-2000 *

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Abstract

In this paper I analyze the behavior of different agents, men and women, when facing the choice of accepting a job and/or a partner whose labor income could guarantee a higher level of discounted future utility. In particular, I compare the dynamics in the labor market and in the marriage market in two decades of the US Census, the 1960 and the 2000. In the labor market, the share of employed men decreased, and in particular, they moved out of the labor force. The share of women who joined the labor force and are employed in the 2000 increased significantly. In the marriage market, both employed and unemployed men and women are less likely to get married in 2000 than they were in 1960. The idea is that as women joined the labor force, they became more selective in their partners' choice, and married men became more selective in their jobs, as they could count on their partners' wage as well. I combine a two-sided search (or matching) model in the marriage market with non-transferable utility and a one-sided search model in the job market. At any point in time, there are agents who are either single or married and either employed or unemployed. Single (or unmatched) agents meet bilaterally and receive job offers according to some random

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Poisson process. When a man and a woman meet, each observes an expected payoff that would result from marriage. The key element of the model is the income sharing rule inside the household. That is, the value of marriage for each partner will depend on a fraction of the total labor income (the sum of their wages). Hence, the value that will make agents indifferent between marriage and singleness (marriage reservation value) will positively depend on their own wage. I conduct a welfare analysis and study the effects of different labor policies on marriage decisions.

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