TRENDS IN RELATIVE EARNINGS AND MARITAL DISSOLUTION: ARE WIVES WHO OUTEARN THEIR HUSBANDS STILL MORE LIKELY TO DIVORCE?

PAA 2015 Extended Abstract

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INTRODUCTION

Women have made large gains in closing the gender pay gap over the past several decades. Although full-time working women still only earn 82% of what men do, this is up from 62% in 1979 (U.S. Department of Labor 2013). As women's earnings have risen, so has the likelihood that wives outearn their husbands. In 2007, 22% of wives outearned their husbands compared with only 4% in 1970 (Fry and Cohn 2010). Marriages in which wives outearn their husband have received special attention among academics and the press given that this arrangement potentially threatens men's gender identity as breadwinners and heads of households. These concerns have a long history, and public anxiety about women's success flared again in connection with a recent study showing increasing numbers of wives outearning their husbands (Fry and Cohn 2010; Ludden 2010; Roberts 2010).

With respect to divorce, much of the academic literature confirms the popular perception that wives who outearn their husbands are more likely to divorce (for reviews see Sayer and Bianchi 2000; Özcan and Breen 2012). However, almost all research on this topic has examined single cohorts of marriages from the relatively distant past or wide cross-sections of marriages. For instance, a recent paper on earnings and divorce that received considerable press attention was based on marriages formed largely prior to the mid-1980s (Bertrand, Kamenica, and Pan 2013). Only one study to our knowledge has examined *change* in the association between wives' economic characteristics and divorce and used data through 1993, now over 20 years old (South 2001). Moreover, it focused on the changing association between wives' employment and divorce rather than on couples' relative earnings. Thus, we have virtually no information about whether the negative association between of outearning one's husband and marital stability has persisted or whether it has declined among more recently married couples in which this arrangement is increasingly common. Given that Americans have increasingly embraced egalitarian marriage (Gerson 2010), we might expect equality of earnings to be increasingly associated with marital stability and wives' earnings advantage to be more weakly associated with divorce.

This project will be the first to examine trends in the association between spouses' relative earnings and marital dissolution. We will use data from the 1968-2009 Panel Study of Income Dynamics (PSID) and the 1984-2008 Survey of Income and Program Participation (SIPP) to examine changes among couples married between 1970 and 2004. This project builds on earlier work on the relationship between spouses' relative education and divorce, which did not explicitly examine trends in spouses' relative earnings (Schwartz and Han 2014).

ANALYTIC STRATEGY

The primary goal of our study is to describe how the association between spouses' relative earnings and divorce has changed across marriage cohorts with a special focus on wives who outearn their husbands. To do this, we use proportional hazard models and a flexible specification of relative earnings to allow for non-linearities in the relationship between relative earnings and divorce, beginning with a 10-category dummy variable corresponding to wives' share of couples' earnings (i.e., <10%, 10-19%,…,90-100%). Using a flexible specification of relative earnings will allow us to test a variety of hypotheses about how the relationship between earnings and divorce has changed (see Rogers 2004 for a review). We will begin by examining change across four decades, i.e., marriages formed in the 1970s, 80s, 90s, and early 2000s.[1]

Our hazard models will control for husbands' and wives' earnings, employment, and other factors associated with divorce such as age at marriage, race/ethnicity, both spouses' educational attainment, and marriage parity.[2] In addition, we will examine whether the association between relative earnings and divorce varies by husbands' earnings. This will address whether earning more than one's husband matters more (or less) when wives have low-earning husbands than when they have higher earning husbands.

We plan to use two measures of relative economic standing in our analyses as each has strengths and weaknesses: (1) spouses' current relative earnings and (2) spouses' relative earnings potential. Examining the relationship between spouses' current relative earnings and divorce is conceptually straightforward and is consistent with the notion that how spouses *currently* "do gender" is more important for marital outcomes that what they may *potentially* do. For instance, a "doing gender" perspective would predict that wives whose expected earnings are greater than their husbands may neutralize their higher divorce risk by scaling back their work

[1] This project proposes to examine cohort changes in divorce risks, but it may also be relevant to think about potential period effects. For example, the relationship between spouses' relative earnings and divorce may have shifted during the Great Recession.
[2] If sample sizes permit, we will explore how these associations vary by race/ethnicity rather than merely using race/ethnicity as a control. African American wives have long had higher rates of labor force participation than white wives, and thus it is reasonable to expect that the relationship between spouses' relative earnings and divorce may differ.

intensity to avoid outearning him in practice (Cooke 2006; West and Zimmerman 1987).

The main disadvantage with using spouses' current relative earnings is the issue of reverse causality. A persistent concern in the earnings-divorce literature is that women may increase their labor supply in anticipation of divorce (e.g., Johnson and Skinner 1986; Poortman 2005). Thus, any study that does not account for reverse causality risks conflating the effects of wives' relative earnings on divorce with the effects of *anticipating* divorce on wives' relative earnings. To address this issue, scholars often advocate using spouses' economic potential rather than their current earnings (e.g., Killewald and Robertson 2014; Xie et al. 2003). This measure would be conceptually appropriate for our analysis if wives who *currently* outearn their husbands are not threatening to men's gender identity but those whose earnings *potential* is greater than their husbands' does. That is, men's gender identities may not be threatened by wives who outearn them in practice as long as they can reasonably expect that their earnings potential exceeds their wives. In other words, they do not currently outearn their wives, but they *could.* Of course, these possibilities are not mutually exclusive; it may be that the risk of divorce is elevated for both wives who potentially outearn their husbands as well as those who outearn them in practice.

An additional issue is omitted variable bias. We will control for a limited number of social and demographic variables in the hazard models discussed above, but there are many other unmeasured characteristics that may be associated both with relative earnings and divorce. To address this, we plan to use a regression discontinuity (or fuzzy regression discontinuity) approach (Imbens and Lemiuex 2008). A "doing gender" perspective predicts a jump in the negative effects of wives' share of earnings on marital stability for wives who outearn their husbands. However, wives who outearn their husbands may be different than those that do not in unmeasured ways that affect divorce and are correlated with relative earnings, such as couples' religiosity or attitudes toward marriage. A regression discontinuity approach addresses this issue by relying on the fact that couples hovering just around the 50% range can be argued to be randomly distributed in this range given that most jobs are not infinitely flexible when it comes to hours and pay. If couples are indeed randomly distributed around the 50% mark, then there should be no systematic differences in other unmeasured characteristics that are associated with both wives' earnings advantage and divorce. Thus, a regression discontinuity approach provides a way of coming closer to a causal estimate of the effects of outearning one's husband and changes in these effects over time. The disadvantage of this approach is that the causal estimates may only be generalizable to couples with nearly equal earnings.

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