

Wage Dynamics of Single and Married Men¹

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Abstract

In the paper we describe using the PSID what we believe is a new empirical finding and analyze the implications of this data property. Men experience a growth in wages starting a few years before marriage and ending within a few years after marriage. During these years the wages grow by nearly 20%. This wage growth at the time of marriage explains the observed difference in married and single men wages. In the paper we attempt to understand which forces generate such wage growth in proximity of marriage. To that end we first decompose the wage growth in two parts: labor supply growth and earnings growth. We find that both labor supply and earnings grow during this period, but earnings grow more rapidly. The wage growth is contained to men not covered by union collective bargaining agreements, and is driven by men that switch jobs. Using marriage market fluctuations we find evidence that marriage causes the observed wage growth and that this wage growth is not a mere result of selection.

Introduction

A good understanding of wage growth has been the goal of labor economists for several decades. The main reason for this is that wages are the main source of income for a large fraction of families. This paper brings together two different literatures on wage dynamics and together they contribute to this observed empirical finding. The first strain of research is on the marriage wage premium, which suggests that married men earn

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more than single men. The second literature includes all the papers that try to understand human capital accumulation. Our results seem to suggest that these two literatures address issues that are tightly linked.

Imai and Keane (2004) find the intertemporal elasticity of substitution is much higher than previously believed, explaining a flat life-cycle labor supply with wage growth due to a human capital based increase in shadow wages. Yamaguchi (2006) models wage growth through on the job search, finding that human capital accumulation not only affects wages directly but also indirectly through the value of outside offers and job search. Competing offers increase wages of ten-year experienced workers by 13%.² Farber and Gibbons (1994) examine wage growth, finding the effects of education on wages are independent of human capital levels and that wage growth becomes more correlated with unobservable characteristics over time. Mazzocco and Yamaguchi (2006) model labor supply, savings and marriage decisions within a household, showing that human capital increases as a result of marriage and specialization within the household.

Korenman and Neumark (1991) examine individual productivity data finding a six percent fixed-effect marriage wage premium estimate, an eleven percent cross sectional marriage wage premium estimate, and only a small selection effect contributing to the wage premium.³ Antonovics and Town (2004) estimate marriage wage premiums using marital differences in monozygotic twins, finding higher wage premiums between twins than overall cross sectional estimates and no evidence of selection effects. On the contrary, Stratton (2002) compares singles, married and cohabitating couples to find evidence of selection effects for cohabitating men and differential wage growth for married men and long-term cohabitants.

There are three main theories as to why married men earn more than single men. First, specialization within the household induces men to invest more in the labor market. Second, attributes that make men more likely to succeed in the labor market also makes the men more likely to marry leading to assortative selection. Third, employers discriminate toward stable married men and pay them a premium. Our empirical findings

² Topel and Ward (1992) similarly find that job mobility accounts for one third of wage growth the first ten years in the labor market.

³ Mehay and Bowman (2005) also use personal productivity data, also finding quite small selection effects for the marriage wage premium.

suggest that these theories not only explain the observed wage differences between single and married men but also the wage dynamics and wage growth around the time of marriage. We find that the wage growth around the time of marriage is driven completely by the non-union covered workers that change jobs. This is not surprising considering the rigidity of jobs characteristics, as increased hours and pay are often only options at different jobs. In order to explain the marriage wage premium, the wage growth associated with switching jobs must also be understood.

One possible explanation is an equating differential story. Individuals know that after marriage it is optimal for the two spouses to specialize in market or household production. As documented by the gender wage gap literature, men's wage offers generally dominate women. It is therefore optimal for men to become the primary earner. After marriage the earnings of the primary earner must increase to compensate the drop in earnings of the secondary earner due to specialization and the potential birth of children. Men that plan to marry in the near future or have recently married must find jobs with higher earnings levels. This story implies that marriage causes job changes and therefore the wage growth observed in the data. There is a second possible explanation. Individuals marry only if they have enough resources to support their family. In this case a marriage occurs only if the primary earner switches to a job with a level of earnings that is above a given threshold, resulting in a positive relationship between marriage and wages due to selection. From this perspective, job changes cause marriage and the wage growth observed in the data is only a consequence of these job changes.

In the next section we describe the data and wage growth empirical properties . We examine labor supply, total earnings, union status and job mobility as they contribute to the observed average wage increase of men around the time of marriage. We then test whether this wage growth is causally related to marriage or instead a result of selection. To disentangle the positive association we use variations in marriage markets and subsequent marriages. We then briefly discuss the implications of these findings on the wage growth literature before concluding.

Data and Empirical Finding

We use PSID data from 1968-1996, which contains annual individual labor market data as well as other pertinent characters.⁴ Total labor earnings and labor supply are used to construct an average hourly wage. We restrict the sample to men at least 20 years of age but less than 60, work at least 5 hours a week, and earn less than \$100 for an hourly wage.⁵ These restrictions clean the data of men that would normally be attending school or retired, individuals that worked only a small portion of the year and also individuals with outlier wages.

In order to examine wage and wage growth by marital status we examine a transition sample, men that change their marital status from single to married. We can then compare this sample to single and married men.⁶ Summary statistics are included in Table 1 for the remaining individual-year observations by marital status.⁷

In addition to making a higher hourly wage we notice that the married sample is older and more experienced, earns more annually, and works more hours annually. The transition sample is slightly more educated than single or married men, have similar experience as the younger single sample but earn more, work more hours, and have a higher wage similar to the married sample. These results have been documented before and most of the differences besides the marriage wage differential are largely due to the composition of the dataset.⁸ Comparing only sample means masks the interesting wage dynamics of the transition sample.

Graph 1 shows the wage dynamics around the time of marriage. To examine the relationship of marriage and wages an index relative to the time of marriage is created. An index value of zero represents the year of marriage, with the other numerical values

⁴ During this period data is collected annually, after which biannual surveys are used. In order to avoid recollection problems we only use the annual survey data. Marital status, age, education, and experience are available for all individuals in the restricted sample.

⁵ The PSID is right censored on earnings and total labor supply. The choice of \$100 (1982-1984 dollars) is arbitrary, but only removed 108 individual year observations for the transition sample.

⁶ Single men are all men that currently single within a year having never been married. Married men are all men that are currently married within a year, having been married at least once in the past.

⁷ The coding of educational attainment and labor experience PSID variables changed over time and due to missing data an additional 500 individual year observations are removed.

⁸ Revealed by the data older people are less educated, married, have more labor experience, and have higher earnings on average.

relative to the year of marriage. In order to account for different yearly compositions in the data, we weight the married and single samples such that the year distributions match that of the transition sample at each index level.⁹

Examining the transition sample's average wages relative to the time of marriage reveals more information than that included in table 1, as there is a gradual increase in wages around the time of marriage. Up until the year of marriage the average wage of the transition sample is statistically identical to that of singles, which is evidenced by the mean single wage being contained in the transition sample's bootstrapped 95% confidence interval. The wage increases prior to marriage and at the time of marriage are such that the transition sample's average wage is statistically different from single as well as married samples. The transition sample's average wage remains different than single or married men until three years after marriage, at which time the wage growth is such that the transition sample's wages appear similar to married men. This wage growth around the time of marriage explains the entire observed wage gap across marital status.¹⁰ This increase in wages is a result of an increase in earnings that is more than proportionate to the increase in labor supply for the transition sample. Graphs of the transition's sample's average earnings and labor supply around marriage can be found in the appendix.

Wage Growth by Job Mobility Status

Workplace hours and wage are sticky and often the employee has little decision power as to these levels for a specific job. Rather a worker often has to change jobs if they desire to work a different amount of hours. We explored deeper into the wage growth around the time of marriage and Graph 2 shows the wage growth for men in the transition sample that change jobs within 5 years of marriage either before or after to the

⁹ This weighting helps remove composition bias issues between the transition sample and the single and married samples. Composition issues include the large proportion of young single men in the later portion of the sample as well as time trends and cyclical variations that would affect the different samples differently because of sample size fluctuations. These issues show up graphically in the declining sample wage for single men across the index range. In graph 1 the wage gap between single and married men remains around \$2.50 for all index levels. This indicates that the reweighting of annual observations to match the transition sample does not affect the mean difference by marital status and is a measure of the marriage wage premium robustness.

¹⁰ Marginal wage growth continues for the transition sample for a couple of years beyond the scope of the graph, after which time wages level off and remain flat afterwards.

wage growth for men that remained at the same job over that time period.¹¹ We find that men who changed jobs within 5 years of marriage either before or after experienced the greatest wage growth shortly after marriage. Not surprisingly, men that remained at the same job earned a higher wage on average than men who switched jobs. Even though men that remained at their current job had higher wages on average to begin with, they still experienced a modest wage growth in the few years prior to marriage. Given the long term potential of marriage and dating, this wage growth preceding marriage is likely correlated with marriage and not a spurious relationship.

Wage Growth by Job Union Coverage

Nearly twenty percent of the transition sample men worked at jobs covered by union collective bargaining agreements (CBA). The mean wages for the transition sample separated by union status are included in Graph 3. Five years prior to marriage the union wages for transition sample men exceed those of men without union jobs. Men with union covered jobs do not experience any wage growth over this time period, but men without a union covered job experience the large wage growth right after marriage. Three years after marriage the men's wages are similar for both groups in the transition sample, and both union and nonunion workers have hourly wages similar to the married sample. These results indicate the correlation between wage growth and marriage is not present due to the nature of the union CBA.

Wage Growth controlling for experience and education

None of the above graphs control for differences between samples in observable characteristics, and as such could be misleading. To control for observables we use a modified Mincer equation as a statistical model to further explore the correlation of wage growth around marriage.

$$\ln(\text{wage}_{it}) = X_{it}\beta + e_{it} \quad (1.1)$$

¹¹ 87% of the transition sample men changed jobs at least once between five years prior to marriage and five years after marriage. Changing jobs was derived from the employment length data in the PSID. For each index value between negative five and five, 30% to 41% of transition sample men reported that they were at their current job for less than a year. The five year period is arbitrarily chosen, but the graphs are similar for different time windows around marriage for the transition sample. Within a one, two, three and four year window on either side of marriage 44%, 69%, 76%, and 83% of men respectively changed jobs in the transition sample.

In the basic formulation the vector X contains a constant, experience, experience squared, education, and a binary variable for marriage.¹² Results for this specification are seen in many articles, and specific estimates for our cleaned sample are contained in the first column of table 2.¹³

To further explore the implications of wage growth around marriage a set of binary variables are included for the transition sample. Specifically a binary variable is included for each index value between negative five and five, one for index values less than negative 5 and lastly one for index values greater than five. The marriage variable is modified to only include the non-transition sample of married men. This specification is included in the second column of table 2. To further examine the wage growth and check whether this phenomenon is universal across all educational groups the above specification is included for three different education groups; less than 12 years of schooling, between 12 and 15 years of schooling, and 16 or more years of schooling.¹⁴ The estimates for these three educational groups are also included in table 2 in columns three through 5.

Comparing the first and the second columns of table 2 we see that the estimates are robust to the inclusion of the binary variables specifically for the transition sample's timing relative to marriage. The binary coefficient estimates in column 2 for the transition sample's index levels are very similar to the interpretation gained from Graph 1 looking only at mean wages. The transition sample's wages are indistinguishable from singles up until one year prior to marriage, at which time there is a statistical difference. The coefficient estimates reveal an increase in wages over the index range. Three years after marriage the transition sample's wages are similar to the average married wage, controlling for observables.

We find quite striking differences in wage growth once the transition sample is separated by educational attainment. The correlation between marriage and wage growth

¹² The estimates are robust to whether education or highest level of education is used, we choose to use highest level of education in order to maximize sample size. We included individual random effects and no fixed effects to avoid the problem discussed in Antonovics and Town (2004).

¹³ These estimates are consistent with Card's (1999) nice and exposition on the returns to education.

¹⁴ The PSID educational attainment variables changed over our time period. Less than twelve years of schooling is reflective of less than a high school education. Between twelve and fifteen years of education are those that attended some college, and greater than sixteen years are a college education or more.

is also positively related with educational level, the higher the educational level the greater the wage growth around the time of marriage. Men who marry but do not have at least twelve years of education do not experience any wage growth around the time of marriage relative to those that remain single. None of the transition sample's index estimates are statistically significant. We find a different comparison when we examine men with at least twelve years of education but less than fifteen. Within this educational group, men who get married experience an increase in wages around the time of marriage. This educational group is nearly 60% of the sample and drives the overall results. Examining only men with at least sixteen years of education we once again find a different result for the transition sample men. Conditional on obtaining at least sixteen years of education in their life, men that get married initially have lower wages than other single men four or more years prior to marriage. There are marginal increases in wages along the index, but not until three years after marriage are the wages statistically significant from singles. The wage growth appears to continue beyond three years after marriage for the highest educational group, as the estimate for six or more years beyond marriage is statistically different from the estimate for six or more years beyond marriage for the middle educational group at the 10% level.

Correlation or Causation

We have disseminated the positive correlation between marriage and wage growth by job union status, job mobility, and by education. However without further information, the trend in wage growth around marriage is consistent both with specialization within marriage as well as selection amongst spouses. To examine whether this positive correlation is causal we use two different comparisons. First we compare wage growth by variations in the marriage market, namely in divorce laws. Second we compare the wage growth experienced during the first marriage compared to subsequent marriages.

Marriage markets variations, including different divorce laws will affect the outside options of each spouse. Gold (2009) uses a model of partial commitment to show how a unilateral divorce and no-fault divorce will reduce the stability and returns to marriage. This reduction in the marriage stability increases the potential for divorce and also increases the risk of specializing within marriage. The individual that specializes in

household production forgoes workforce experience and wages, reducing their potential in the event of divorce. As such the probability of specialization within a given household will diminish, and we would expect to see less wage growth under either no-fault or unilateral divorce. On the other hand, if wage growth around marriage is a result of selection and the wage growth is a trait of the individual rather than marriage then we would not expect to see any difference by divorce laws.

To examine whether there are any differences in wage levels by divorce law status (at the time of marriage) we use an estimate an equation similar to (1.1). In addition to the same explanatory variables used in the second column of table 2, we interact the transition sample binary variables with a binary divorce law variable. Because of the structure of the data and construction of the interaction terms, negative statistical significant estimates for the divorce law interactions are evidence of specialization.

Table 3 includes the estimates for a specification with a unilateral divorce law interaction and also estimates for a separate specification with a no-fault divorce law interaction. The education, experience, experience squared and married estimates for both of these specifications are similar to those seen in column two of Table 2. Similarly, the transition sample's main effect estimates are consistent with the overall shape of the main samples estimates as well. Five years prior to marriage the main effects are not statistically different from the single sample, but as the years draw nearer to marriage and for the years after marriage the wages increase until there is a statistical significant difference. Wages increase most dramatically in the first three years after marriage. The overall shape and qualitative change in the wage changes are similar with the divorce interactions, but the quantitative difference needs to be noted. In the overall sample the wage increases for the transition sample by just over 20% in the four years after marriage, but once divorce laws are included the main effect wage increase is closer to 30%. The wage growth estimates are statistically significant at the 10% level of better, and exist for the transition sample three years after marriage and afterwards. The estimates for the divorce law interaction terms (both no-fault and unilateral) are negative for the years after marriage, although most are not statistically significant. The only statistically significant point estimate is 5 years after marriage with unilateral divorce. Divorce law lowers the

returns to an existing marriage and weakens specialization within the family. The negative estimates for the divorce law interactions along with the magnitude differences for the main sample indicate a change in specialization. While this evidence is not without interpretation, the existence of any statistical difference due to divorce law indicates the presence of specialization within the household.¹⁵ Other measures of variation in the marriage market would be other good avenues to explore, but currently are not included in this analysis.

Comparing wage growth between the first and second marriage is more problematic, as any observed difference or lack thereof is not clearly the result of only specialization or selection. Given an experience earnings profile one would expect some wage growth regardless of experience, but how that wage grows relative to singles is the variable of interest. Let us consider how we may get no difference between a first and second marriage, requiring the second marriage to experience a wage growth similar to that observed in the paper for first marriages. Even though second marriages occur later in life, it is possible that the couple has optimistic long term dreams, plans to remain in the labor force longer than average, and is still in the childbearing age range. If this is the situation for the second marriage the incentive for specialization within the household remains and you would expect to see an increase in wages for the man. It is also possible for a woman to believe that her new fiancé is a great catch, even though he has once been divorced. She may dismiss any potential problems from his first marriage and decide to get married believing he will experience above average wage growth in the near future similar to what is experience in first marriages. In both cases we would expect to see wage growth in the second marriage.

If on the other hand the wage growth differs between first and second marriages, we similarly have two potential explanations one for specialization and one for selection. Since second marriages occur later in life, the incentive for specialization within the household may no longer exist. The couple is older and the probability of having children has diminished, thus removing the need for many hours of household

¹⁵ Literature which examines the divorce law effects on divorce are divided between no statistical effects and an increase in divorce. As such, any statistical significance on the effects of specialization is note worthy.

production. If children have been removed from the scenario altogether, the older age at second marriage also reduces the incentive for specialization. The gains from specialization are reduced as the expected length of labor force participation is shorter than if married younger. Men who get married a second time may not have the same wage growth potential as all single men, which may be a reason for the termination of their first marriage. Even though women may choose the best divorcee as a husband, the selection effect may be smaller than for first marriages as the ‘best’ men have already been chosen. Differences between the first and second marriage can be a result of either specialization or selection. The selection affects can go either way, but for an elder couple at time of second marriage the incentive for specialization is almost always going to be lower. As such, if there are no differences between first and second marriage it is most likely a result of selection.

To examine any wage differences around first and second marriage we estimate an equation similar to (1.1). We separate the transition sample into two groups, those that are married only once and those with multiple marriages. We then include binary wage variables over the index both for only those that are married once and for the second marriage of men that are married multiple times. Point estimates are included in Table 4. The transition sample estimates for men that are only married once are very similar as the overall sample but do reveal wage growth earlier around the time of marriage. The point estimates for the year prior to marriage and year of marriage are both statistically significant when compared to singles. There does not appear to be a positive correlation of wage growth with second marriages, as there are above average wages both before and after marriage with no growth. In the years prior to a second marriage this subsample of men are earning a wage nearly 15% greater than singles which remains the same difference after four or more years of marriage. The wage growth for second marriage is almost zero as compared to nearly 20% for first marriages. This indicates that for second marriages there are selection effects on wage levels, but no evidence of wage growth. The difference in wage estimates for the first and second marriages are significant at the 5% level three years prior to marriage and before, three years after marriage, and after 6 or more years of marriage. The difference between wage growth around first marriages and

second marriages does not provide conclusive evidence of either specialization or selection.¹⁶

Conclusion

We examine wage growth for men around the time of marriage, finding that the correlation of wage growth in the years around marriage explain the entire observed wage differential between married and single men. This wage growth is mostly due to men switching jobs and wage growth in jobs not covered by union CBA. This marriage wage growth is observed for men with at least a high school education. Men without a high school education do not experience this same increase in wages by getting married. Using divorce law variation we find evidence that the wage growth is due to specialization within the household and is causally related to marriage.

Considering men earn higher wages than women, it is optimal within a married household for men to specialize in the labor market. As a result of this specialization men will desire to work more hours, have higher human capital, and earn more in a year. Due to rigidities in the labor market, men cannot typically increase their labor supply on the job and find new jobs with more hours. Men getting married change toward jobs with higher wages and hours. Everything else the same, single men would prefer these jobs with higher wages also. In order to receive a higher wage, these jobs demand a higher time commitment making them less appealing.¹⁷ The joint household decision changes the men's marginal utility of leisure compared to an individual's decision enough such that married men prefer jobs with higher wage and hour combinations.

Future work needs to be done in order to identify why men change jobs at different times relative to marriage. In addition, we intend to estimate whether additional marriage market fluctuations measures affect this wage growth. Our results indicate that examination of wage growth cannot ignore the implications of marriage.

¹⁶ Multiple marriages may be a result of many different situations. Without a specific marriage model the reasons why an econometrician observes multiple marriages remains a black box and we do not further explore this avenue for identification of wage growth. Average age and education at the time of first marriage (for those only married once) and second marriage (for those married multiple times) are similar, indicating that those married multiple times do so early in life.

¹⁷ As seen in the graphs and data, in order to obtain higher wages married men also accept jobs with higher annual labor hours. Less leisure and pay that is flexible to individual performance makes these jobs less appealing to singles, but come bundled with jobs that married men take in order to receive higher wages.

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Table 1: Summary Statistics

Variable	Single	Transition Sample	Married
Age	32.31 (9.79)	34.45 (9.12)	38.44 (10.33)
Education	13.67 (2.49)	13.86 (2.32)	13.37 (2.57)
Experience	9.72 (9.75)	10.20 (9.11)	14.98 (11.41)
Labor Earnings (Thousand 1982-1984 \$)	20.16 (15.41)	25.44 (18.97)	27.15 (20.11)
Labor Supply (Thousand)	2.09 (0.69)	2.23 (0.66)	2.27 (0.63)
Wage (1982-1984 \$)	9.76 (6.75)	11.66 (8.22)	12.24 (8.50)
N	7,756	12,594	47,882

Note: Sample standard deviations are in parenthesis.

Table 2: Estimates

Variable	<u>Years of Education</u>				
	Basic	All	Less than 12	12 to 15	More than 15
Constant	0.933*** (0.039)	0.940*** (0.041)	1.538*** (0.129)	1.193*** (0.119)	-0.026 (0.467)
Education	0.081*** (0.003)	0.087*** (0.003)	0.028** (0.013)	0.058*** (0.009)	0.142*** (0.028)
Experience	0.007*** (0.001)	0.007*** (0.001)	0.005** (0.002)	0.007*** (0.001)	0.008*** (0.001)
Experience Squared	-0.0001*** (0.000)	-0.0001*** (0.000)	-0.000 (0.000)	-0.0001*** (0.000)	-0.0001** (0.000)
Married ^ψ	0.164*** (0.009)	0.168*** (0.016)	0.084* (0.043)	0.182*** (0.020)	0.159*** (0.032)
<u>Years relative to marriage</u>		<u>Transition Sample Differentiated</u>			
6 or more years prior		-0.108*** (0.029)	0.058 (0.103)	(0.019) (0.038)	-0.206*** (0.050)
5 years prior		(0.046) (0.035)	0.052 (0.109)	0.020 (0.047)	-0.140** (0.062)
4 years prior		(0.023) (0.032)	0.040 (0.100)	0.034 (0.042)	-0.101* (0.058)
3 years prior		0.030 (0.030)	-0.007 (0.092)	0.068* (0.038)	(0.007) (0.056)
2 years prior		0.008 (0.028)	-0.028 (0.085)	0.044 (0.035)	(0.031) (0.052)
1 year prior		0.068*** (0.026)	-0.041 (0.079)	0.122*** (0.032)	0.013 (0.049)
Year of marriage		0.075*** (0.026)	0.039 (0.080)	0.114*** (0.033)	0.018 (0.050)
1 year after		0.117*** (0.027)	-0.042 (0.082)	0.171*** (0.034)	0.071 (0.051)
2 years after		0.106*** (0.027)	0.027 (0.084)	0.134*** (0.035)	0.084 (0.052)
3 years after		0.183*** (0.028)	0.045 (0.087)	0.189*** (0.036)	0.213*** (0.052)
4 years after		0.190*** (0.029)	-0.050 (0.089)	0.198*** (0.037)	0.241*** (0.053)
5 years after		0.211*** (0.029)	-0.025 (0.091)	0.227*** (0.038)	0.247*** (0.054)
6 or more years after		0.252*** (0.024)	-0.037 (0.076)	0.232*** (0.030)	0.341*** (0.045)
N	54,748	54,748	6,933	30,750	17,075
Number of Individuals	5,051	5,051	800	2,920	1,331

Note: Standard errors are in parenthesis. ***, **, * indicate statistical significance at the 1%, 5%, and 10% levels. ^ψ Married includes all individuals married in the first column, but only individuals not in the transition sample for the second through fifth columns.

Table 3: Estimates

Variable	Unilateral Divorce Law Specification		No-fault Divorce Law Specification	
Constant	0.933*** (0.041)		0.933*** (0.041)	
Education	0.080*** (0.003)		0.080*** (0.003)	
Experience	0.007*** (0.001)		0.007*** (0.001)	
Experience Squared	-0.0001*** (0.000)		-0.0001*** (0.000)	
Married	0.171*** (0.016)		0.170*** (0.016)	
Divorce Law	0.015** (0.008)		0.0161* (0.008)	
		Divorce Law		Divorce Law
<u>Years relative to marriage</u>	<u>Main effect</u>	<u>Interaction</u>	<u>Main effect</u>	<u>Interaction</u>
6 or more years prior	-0.262*** (0.070)	0.184** (0.072)	-0.970*** (0.169)	0.888*** (0.170)
5 years prior	0.088 (0.088)	-0.141 (0.093)	-0.141 (0.195)	0.111 (0.197)
4 years prior	-0.040 (0.078)	0.032 (0.082)	-0.158 (0.148)	0.154 (0.150)
3 years prior	0.121* (0.066)	-0.094 (0.069)	0.107 (0.101)	-0.067 (0.103)
2 years prior	0.053 (0.059)	-0.039 (0.061)	-0.051 (0.085)	0.078 (0.086)
1 year prior	0.114** (0.052)	-0.039 (0.054)	0.033 (0.070)	0.054 (0.071)
Year of marriage	0.051 (0.052)	0.045 (0.054)	0.078 (0.070)	0.012 (0.071)
1 year after	0.185*** (0.054)	-0.066 (0.056)	0.136* (0.072)	-0.005 (0.073)
2 years after	0.127** (0.055)	-0.008 (0.058)	0.120* (0.073)	0.000 (0.074)
3 years after	0.270*** (0.055)	-0.092 (0.058)	0.246*** (0.074)	-0.056 (0.075)
4 years after	0.279*** (0.056)	-0.094 (0.060)	0.309*** (0.073)	-0.120 (0.076)
5 years after	0.323*** (0.057)	-0.124** (0.061)	0.314*** (0.074)	-0.102 (0.077)
6 or more years after	0.297*** (0.043)	-0.038 (0.044)	0.295*** (0.056)	-0.034 (0.056)
N	54,748		54,748	
Number of Individuals	5,051		5,051	

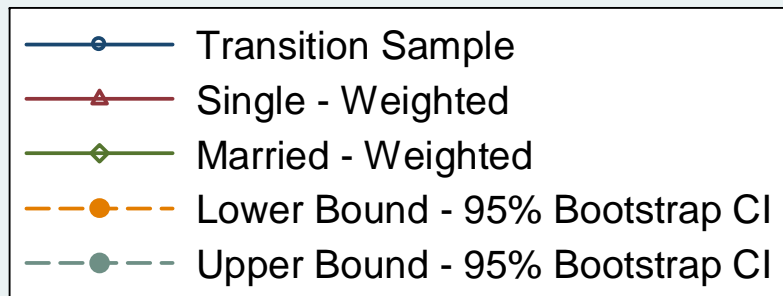
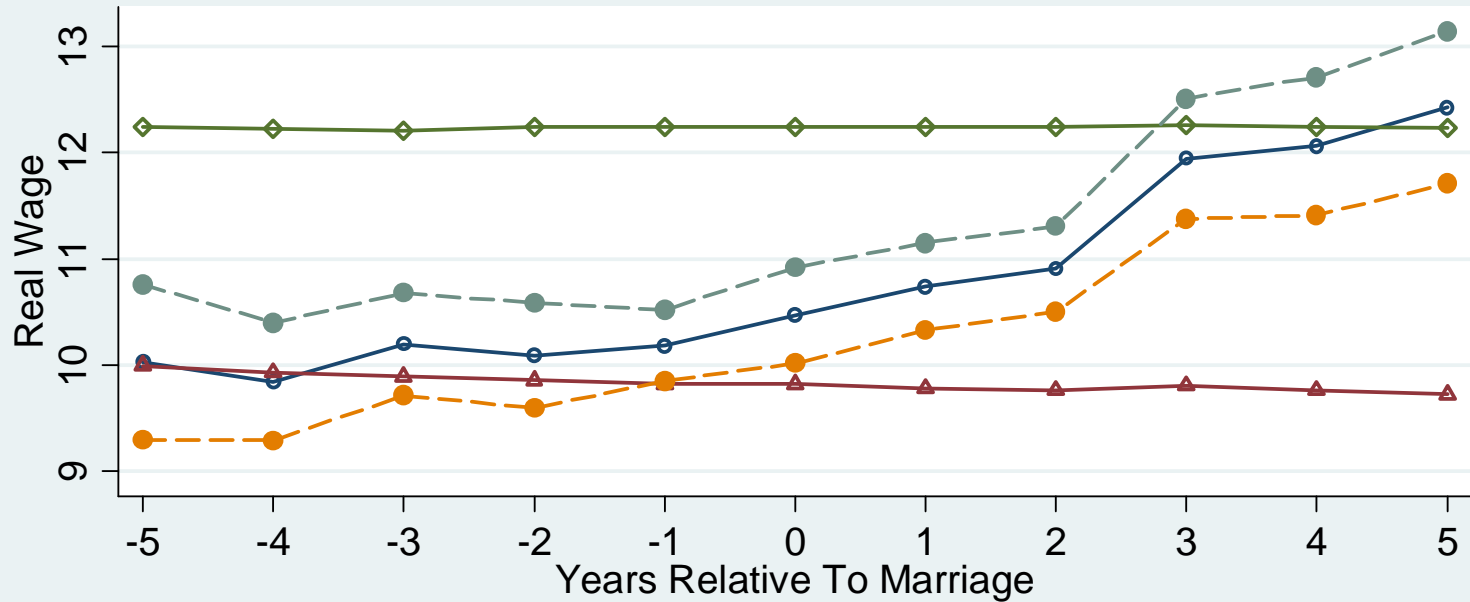
Note: Standard errors are in parenthesis. ***, **, * indicate statistical significance at the 1%, 5%, and 10% levels.

Table 4: Estimates

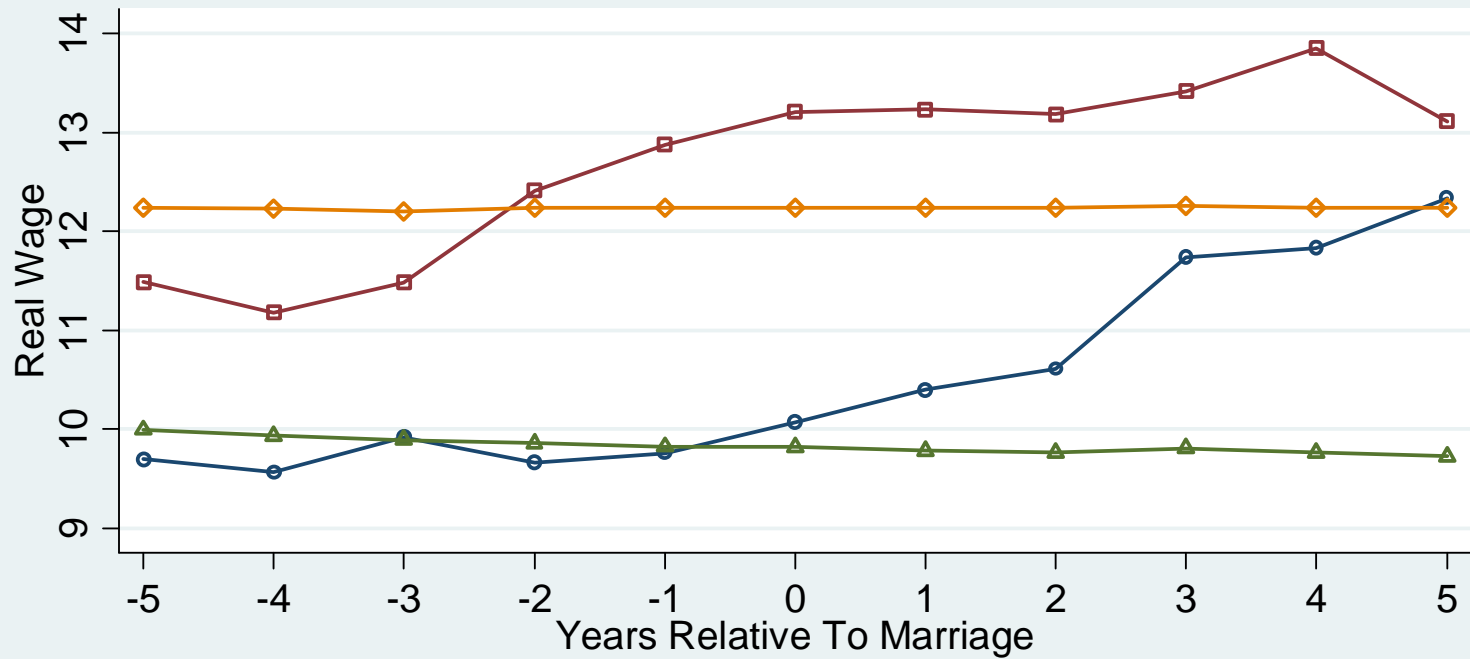
Variable			
Constant	0.931*** (0.041)		
Education	0.081*** (0.003)		
Experience	0.008*** (0.001)		
Experience Squared	-0.0001*** (0.000)		
Married	0.169*** (0.016)		
<u>Years relative to marriage</u>	<u>Only married once</u> <u>Second Marriage for multiple marriages</u> <u>Difference</u>		
6 or more years prior	-0.093*** (0.030)	0.037 (0.043)	0.129*** (0.047)
5 years prior	-0.045 (0.037)	0.085 (0.054)	0.130** (0.062)
4 years prior	-0.018 (0.034)	0.112** (0.054)	0.130** (0.060)
3 years prior	0.027 (0.032)	0.142*** (0.053)	0.115** (0.058)
2 years prior	0.005 (0.029)	0.094* (0.053)	0.090 (0.056)
1 year prior	0.067** (0.027)	0.143*** (0.054)	0.075 (0.056)
Year of marriage	0.078*** (0.028)	0.126** (0.055)	0.047 (0.057)
1 year after	0.125*** (0.028)	0.116** (0.056)	-0.009 (0.059)
2 years after	0.121*** (0.029)	0.099* (0.057)	-0.022 (0.060)
3 years after	0.196*** (0.030)	0.071 (0.059)	-0.124** (0.062)
4 years after	0.188*** (0.030)	0.136** (0.062)	-0.052 (0.065)
5 years after	0.219*** (0.031)	0.148** (0.063)	-0.071 (0.066)
6 or more years after	0.261*** (0.025)	0.144*** (0.047)	-0.117** (0.048)
N	56,125		
Number of Individuals	5,052		

Note: Standard errors are in parenthesis. ***, **, * indicate statistical significance at the 1%, 5%, and 10% levels.

Graph 1: Men's Real Wage
PSID 1968-1996

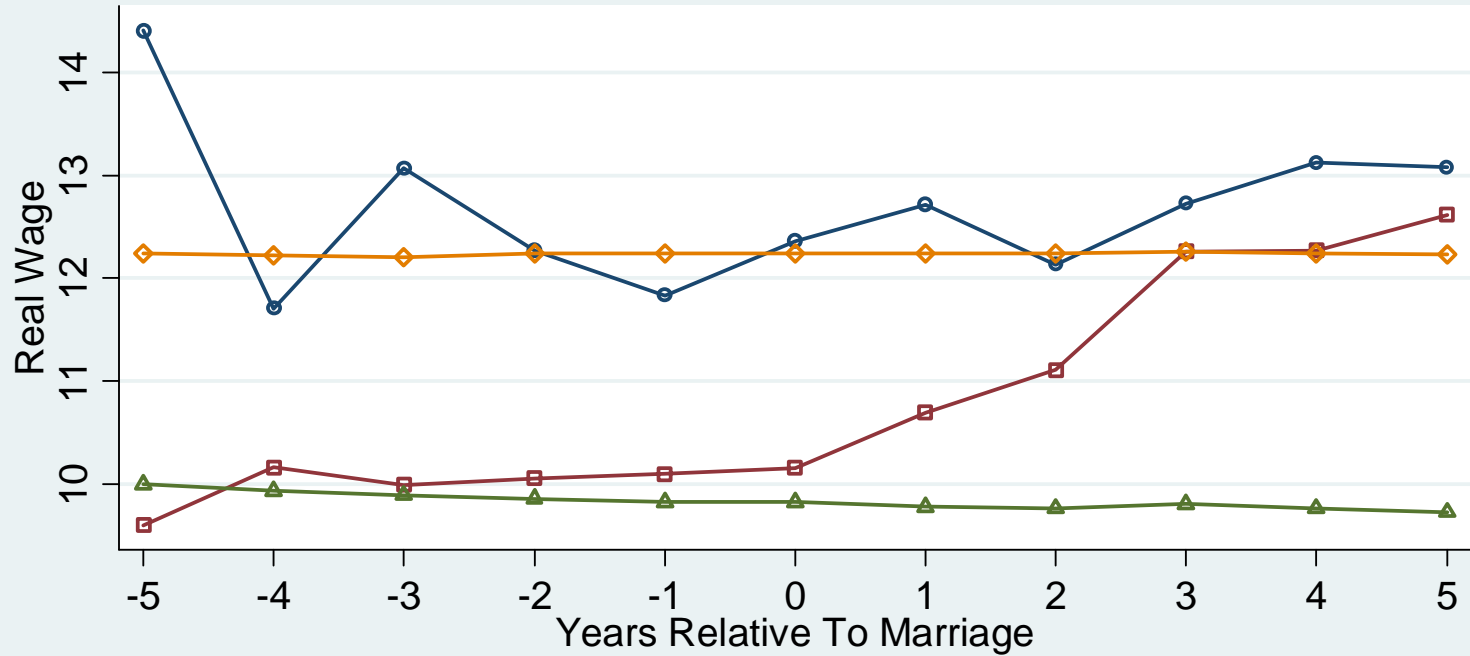


Graph 2: Men's Real Wages by Job Change Status
PSID 1968-1996



- Transition Sample: Job Changers
- Transition Sample: Job Stayers
- Single - Weighted
- Married - Weighted

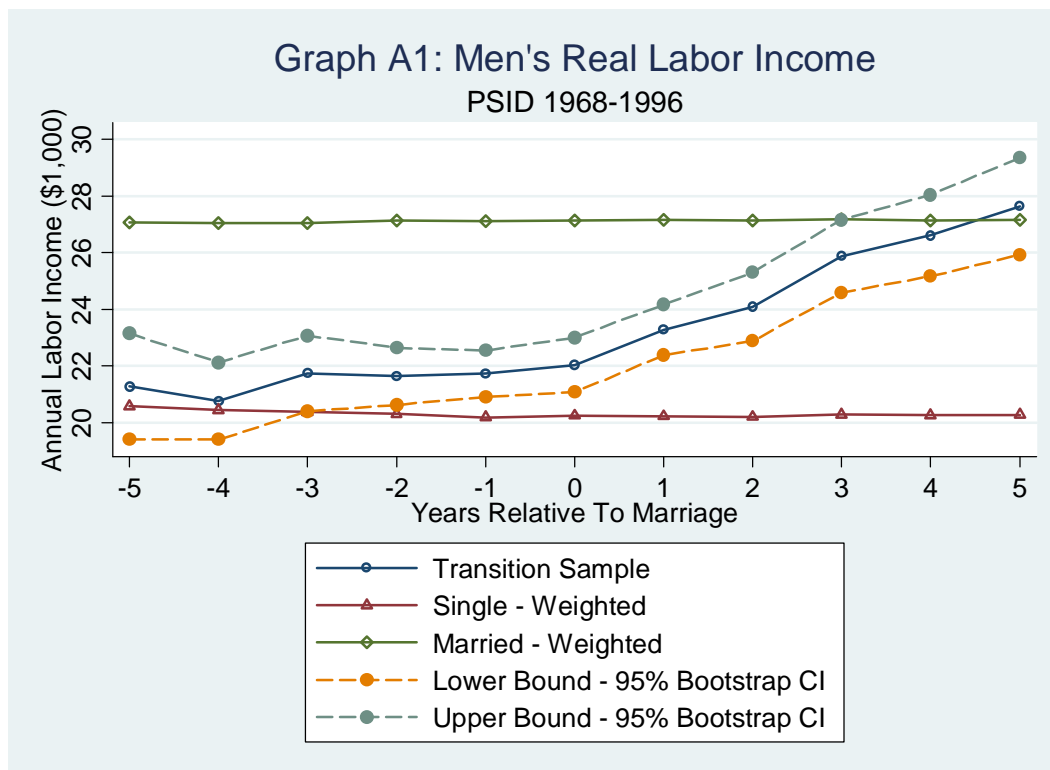
Graph 3: Men's Real Wages by Union Status
PSID 1968-1996



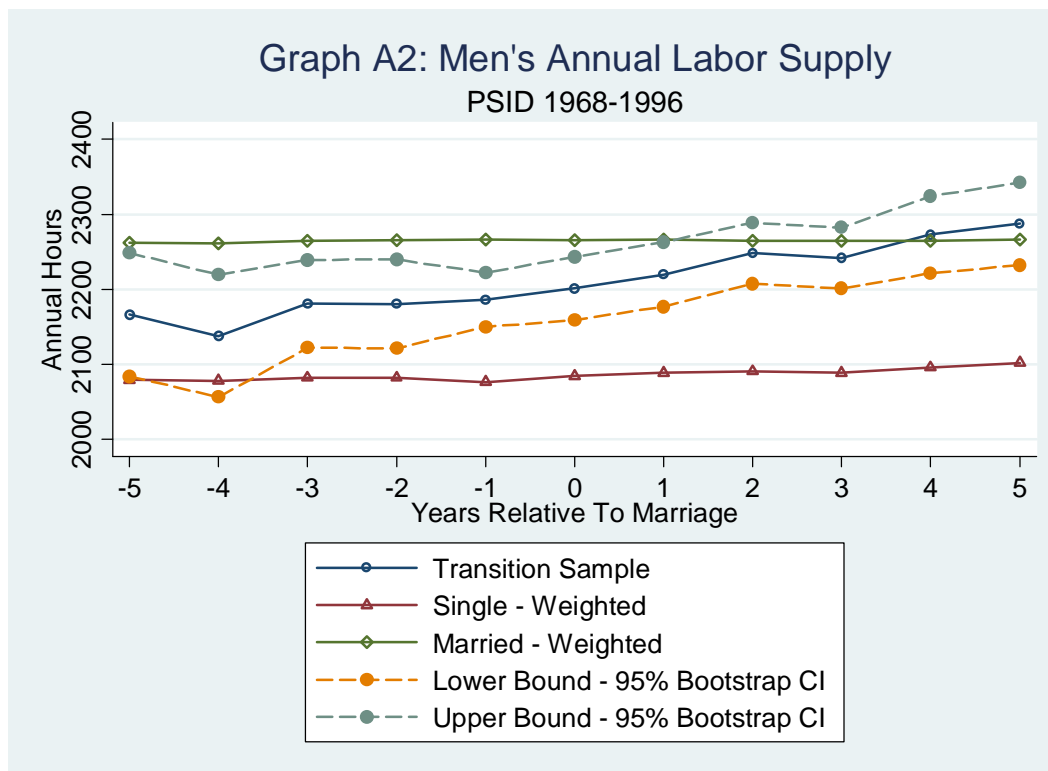
- Transition Sample: Union Covered Jobs
- Transition Sample: Non-Union Jobs
- △— Single - Weighted
- ◇— Married - Weighted

Appendix

The graph below examines real annual labor income. At each index level difference between married and single annual labor earnings is around \$7,000. The transition sample's income starts near \$21,000 five years before getting married and gradually increases to \$28,000 five years after getting married. The transition sample's labor earnings differ from the single and married sample means for index values between negative two and three, with an apparent growth between the graphed index values.



A graphical examination of annual labor supply reveals a similar growth story, that the transition sample annual labor supply is low initially and grows around the time of marriage such that it is similar to the married sample. This graph provides evidence consistent with a selection theory of marriage, in that the transition sample is almost statistically distinguishable from singles five years prior to marriage. Although most people expect to get married sometime, five years prior to marriage is such that we doubt this large of a specialization effect already since marriage is only a probabilistic outcome in the future.

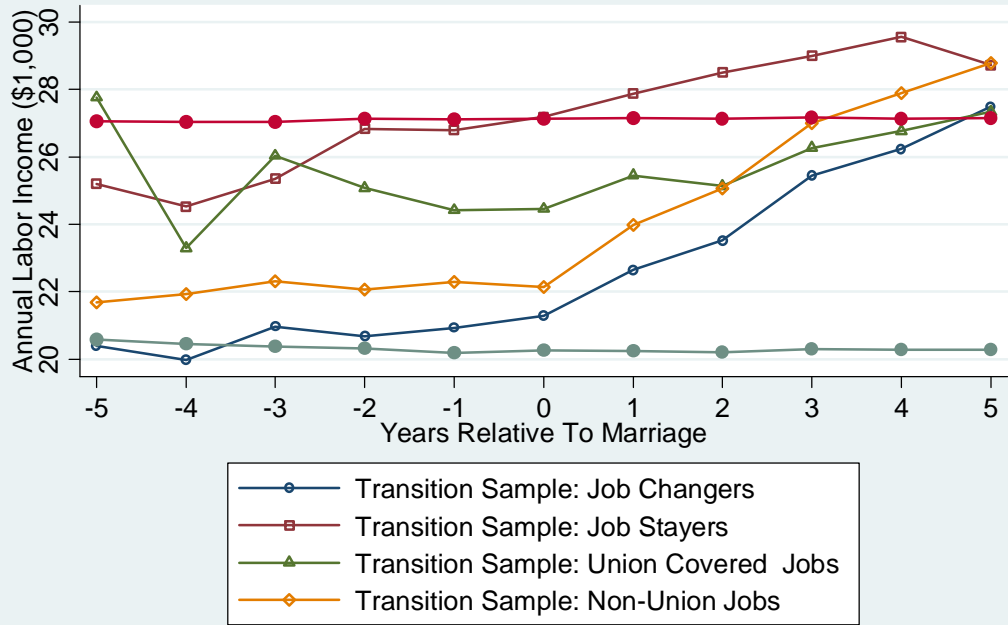


We further break the sample down into men that changed their job sometime in the 5 years on either side of marriage, *Job Changers*, and those that remain at the same job, *Job Stayers*. In addition we compare the difference in labor market outcomes for men whose jobs are covered by union CBA and those whose jobs are not. The overall increase in labor income is not seen for each of these subgroups. There is a modest increase for men staying at the same job, but no overall increase for jobs covered by a union CBA. For the subsample of men with jobs not covered by union CBA and also men that change jobs both experience a large increase in income. Both of these two subgroups, while not mutually exclusive, drive the overall transition sample's observed increase in labor income. In graph A3 the top flat reference line is the weighted married male sample while the bottom flatter line is the weighted single male sample.

Similarly, labor supply changes around marriage are not consistent across the various groups. Men that change jobs and have nonunion covered jobs experience the largest increase in annual hours worked. Interestingly, men with jobs covered by CBA also experience a modest increase in hours worked. Perhaps most striking, men who remain at the same job work a few hours less, resulting in the hourly wage increase.

Graph A3: Real Income by Job Change and Union Status

PSID 1968-1996



Graph A4: Labor Supply by Job Change and Union Status

PSID 1968-1996

