

Wives' Gains or Husbands' Losses?: Decomposing Changes in Spouses' Relative Earnings over Time

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ABSTRACT

Recent increases in relative earnings within marriage may in part reflect increases in the proportions of couples that maintain a more egalitarian sharing of work and family responsibilities; however the increase in couples with unconventional earnings relationships may also be reflecting the increasing difficulty of both partners to maintain their standard of living in the face of economic restructuring and change. This study will use data from the 1969-1997 waves of the Panel Study of Income Dynamics (PSID) to decompose year-to-year changes in relative earnings to determine the relative importance of changes in husband and wife's earnings in determining how relative earnings within marriage change over time. Because economic changes over the past three decades affected couples unevenly across racial and class lines, the analysis is conducted separately by race, educational attainment, and earnings quartile.

INTRODUCTION

In the period since the 1970s the United States has experienced dramatic social and economic changes that have affected the way in which married couples structure their earnings relationships. Though in the 1950s a majority of married couples relied on a single male breadwinner, over the subsequent decades dual-earner couples have become increasingly common. Between 1970 and 1993, the percent of married couples in which both partners were employed increased from 39% to 61% (Blau, Ferber, and Winkler 1998), while the proportion of husband breadwinner marriages declined from 56% in 1970 to 25% in 2001 (Raley, Mattingly, and Bianchi 2006). Between 1979 and 1996, among dual-earning couples, wives' median percent contribution to family income increased from 26% to 33% (Hayghe 1993; Mishel, Bernstein, and Schmitt 1999). The proportion of married couples in which each partner provided 40-60% of the couple's income more than doubled from 9% to 24% between 1970 and 2001 and the percent of couple's in which the wife was the sole or dominant earner (the wife earns at least 60% of the couple's earnings) nearly tripled from 4% to 12% (Raley, Mattingly, and Bianchi 2006). According to the U.S. Census Bureau (2007), the proportion of dual-earner couples in which the wife earned more than her husband increased from 16% in 1981 to 23% in 2000.

These changes have occurred in tandem with improvements in women's educational and occupational attainment that have increased their earnings capacity and increased the opportunity costs of leaving the labor force (Cotter, Hermsen, and Vanneman 2004), suggesting that these increases in relative earnings may be a sign of increasing gender equality within families. During much of the same period, however, widespread economic restructuring had a strong negative effect on the earnings capacity of men with a high school degree or less (Levy 1998). The combination of these factors has improved the relative earnings of women at both ends of the educational spectrum. The removal of legal and discriminatory barriers to employment primarily benefited women with college educations or higher, allowing them to move into higher-paid occupations that previously were held by men; whereas economic restructuring, specifically the erosion of high-paying unionized jobs in manufacturing industries, primarily affected men with less than a high school degree (Mishel, Bernstein, and Schmitt 1999).

This means that the increase in the proportion of married couples with egalitarian and wife primary-earner earnings relationships and the consequent decline in husband sole-earner and husband primary-earner couples could be due as much to the declining economic position of men with less than a college education as an increase in the economic position of women with higher levels of education. In fact, the closing of the gender gap in earnings that occurred during the late-1970s and 1980s was due in large part to increasing inequality in men's wages, rather than substantial gains in women's wages (Bernhardt, Morris, and Handcock 1995).

This has important implications for whether wives are able to translate their greater earnings capacity into improvements in their relative positions within the family. Though increases in relative earnings may in part reflect increases in the proportions of couples that maintain a more egalitarian sharing of work and family responsibilities, the increase in couples with egalitarian and unconventional earnings relationships may also be reflecting the increasing difficulty of both partners to maintain their standard of living

in the face of economic change. Because breadwinning is so closely tied to the masculine roles of husband and father, couples who have an egalitarian or unconventional earnings relationship due to the failure of the male partner to be able to meet his economic obligations, rather than due the couple's conscious decision to maintain a more egalitarian relationship, may seek to mediate the effects of this failure by redefining the provider role to encompass other actions that are not related to earnings capacity (Tichenor 2005), undermining the value of the wife's earnings (Tichenor 2005), emphasizing the temporary nature of the current earnings relationship (Tichenor 2005), or readjusting their earnings relationship to reestablish the male partner's status as the primary earner (Winkler, McBride, and Andrews 2005; Winslow-Bowe 2006).

This study will use data from the 1969-1997 waves of the Panel Study of Income Dynamics (PSID) to decompose year-to-year changes in relative earnings to determine the relative importance of changes in husband and wife's earnings in determining how relative earnings within marriage change over time. Because economic changes over the past three decades affected couples unevenly across racial and class lines, I perform the analysis separately by race, educational attainment, and earnings quartile.

DATA AND ANALYTIC PLAN

The data are from the 1969-1997 waves of the Panel Study of Income Dynamics (PSID), a longitudinal survey of a representative sample of U.S. individuals and the households in which they reside, conducted by the Survey Research Center of the Institute for Social Research, at the University of Michigan (Hill 1992). The survey began in 1968 and continues to the present day. The survey was conducted annually between 1968 and 1997 and biannually thereafter. The PSID tracks all members of original 1968 sample households, even if they no longer coreside, and also follows the children of original sample members born after the initial 1968 interview and their coresidents when they leave the original 1968 interview households, providing a self-renewing sample that remains representative of the non-immigrant population of the United States. Because I measure the year-to-year changes in earnings and the survey is conducted biannually after the 1997 wave, this paper is restricted to the waves that include and precede the 1997 interview. Table 1 shows the number of married couples interviewed in each year in which both partners are under age 65 and neither partner is retired.

I begin the analysis by looking at the distribution of the type of year-to-year changes in each partner's earnings across time. I code indicator variables for the type of change in the husband's and the wife's earnings separately. For each two year period, the change in earnings is coded as one of the following: earnings declined, earnings stayed the same, earnings increased, earnings changed from \$0 to a value greater than zero (left \$0), and earnings changed from a value greater than \$0 to \$0 (became \$0). I compare the distributions of the changes in each partner's earnings across race, education, and initial earnings quartiles to determine which couples were more likely to experience each type of change in earnings. Figure 1 shows the distribution of the type of year-to-year change in earnings that the husband and the wife experienced between the 1969 and 1997 interview years for the sample as a whole. Earnings for each year are adjusted to 1997 dollars using the CPI-U¹.

¹ This adjustment has the effect of making it virtually impossible for an individual's earnings to remain the same unless s/he had no earnings in both years.

Of course, the distributions of the types of change in earnings provide only a partial picture of the relative importance of changes in husbands' and wives' earnings. The effect of each of these changes in earnings on relative earnings depends not only on the relative frequency of each type of change, but also on the magnitude of each type of change. Therefore, the next step in the analysis is to create a counterfactual estimate of what the couple's relative earnings would have been if each type of change had not occurred. This requires the creation of eight different counterfactual estimates of relative earnings, based on each of the four possible changes in the husband's and the wife's earnings. I then compare these counterfactual relative earnings measures with the observed value of relative earnings in order to determine the relative importance of each type of change in earnings in leading to the observed changes in relative earnings within married couples in the United States. The counterfactual estimates are presented separately by race, education, and initial earnings quartile.

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TABLES AND FIGURES

Table 1: Number of Marriages at Each Interview

	PSID Interview Wave														
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
N	2,505	2,555	2,591	2,684	2,766	2,861	2,918	2,948	2,963	3,001	3,053	3,094	3,071	3,042	3,088
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	
N	3,103	3,107	3,087	3,077	3,053	3,053	3,042	3,018	3,014	2,786	2,784	2,777	2,778	2,190	

Figure 1

