

Ec. 970 Sophomore Tutorial

The Economics of Marriage and Divorce

Instructors

Betsey Stevenson: bstevens@kuznets.harvard.edu

Justin Wolfers: jwolfers@kuznets.harvard.edu

This course will be taught jointly by Betsey and Justin, with each of us leading discussion on half of the topics. Both of us will be available to provide supervision for your research project.

If you need to get in touch, email is best, but you should also feel free to call us at home on (617) 576-9116 (do not call after 11pm).

Class Times: Tuesday and Thursday, 7pm-8:30pm. Dunster House Room F-15.

Course Description

Increasingly the economic method is being applied in non-traditional settings. This course explores a new and burgeoning literature that applies the tools of economics in order to gain insight into marriage, divorce and the family. We will look at both the countless interactions between husbands and wives and the effects of the changing economic context on the modern family. Throughout, the course there will be a constant interplay between policy, empirical evidence, and theory. Because this research agenda is still in its infancy, we will come fairly quickly to the frontiers of economic knowledge, which holds the prospect that your final paper can make an innovative contribution.

We will start by evaluating what we mean by the “economic approach” to the family. The standard economic assumption of self-interested maximization will be contrasted with insights from sociology, philosophy and feminist theory. This should set the stage for the rest of the course, which will take an interdisciplinary approach to thinking about family relationships. We then turn to asking how families make decisions. Husband and wife do not always agree, and differences in opinion might be resolved through bargaining, by threats, or cooperation; we will explore models of each. We will also ask just why is it that people form families? While the broad contours of family life are common in many contexts, we will also gain insights from learning about a range of alternative marital and pseudo-marital institutions, including dowries, and polygamy and the insights of evolutionary biology.

The theory of the family that we have developed will then be applied to one of the most contentious social policy issues of our time: the decline in traditional family structures. We will ask why divorce rates are rising so rapidly, dealing in turn with each of the main suspects. We then ask what the effects of this will be, and evaluate the evidence on the effects of divorce on children and divorcees.

The economics of marriage and divorce is extremely modern, controversial, and exciting. By contrast, the political rhetoric surrounding the family is often facile and dull; traditional concepts of liberal versus conservative are not relevant to this course, and you will be expected to bring an open, fresh and challenging mind to the material. Our aim is to develop your skills as an economist, as a social policy analyst, and as a multi-disciplinary scholar.

Course Requirements

Class Attendance and Participation

Readings are grouped for each class meeting below. You will be expected to have read all of the relevant papers. Student participation is essential. Simply completing the reading is not sufficient. Each student is expected to engage the material and come to class armed with questions, comments, challenges and syntheses. Quality participation involves not only responding to questions and volunteering insights, but also listening to and learning from your peers. You will be expected to

attend every class meeting, and we expect to hear from you in advance if that is not going to be possible.

Response Papers (14 x 400 words)

By 5pm on the evening before each class we expect you to circulate a 400 word email to the entire class summarizing your reactions to the weeks readings. Feel free to raise questions you want to discuss in class, possible discussion points, synthesis and critiques. The responses should bring fresh insight or critique, rather than simply summarizing the papers. You will also be expected to have read each other's emails before class.

Feel free to either critique the broad thrust of the readings, or to focus your comments on a specific issue raised in a specific paper. Respectful responses to your classmates are also OK. This is also an exercise for you to practice concise writing. Whatever your response though, it should be aimed at facilitating interesting and thoughtful classroom discussion on that weeks readings.

For grading purposes, we will only look at your 14 best responses. Given that we have 18 substantive class meetings, we will drop your four lowest grades (it is up to you whether you wish to have your four least successful efforts exclude or whether you prefer to simply not send a response to the readings for 4 classes). Note however that if you are not going to respond to the readings for a particular class, please send an email letting us know.

The response papers should have the words "Ec 970" in the subject line.

Empirical Assignment (1500 words)

On March 6 we will distribute a dataset to the class. The data that we will give you are Strauss and Gelles' landmark 1976 Domestic Violence Survey. We will also distribute a codebook that describes these data. The idea of the empirical exercise is for you to choose one very specific question that you would like to answer with these data. (We will distribute a list of possible questions for you to address.) The assignment requires you to make a compelling argument for your case, using both simple forms of data description and regression techniques. You will be expected to both concisely interpret your results, and critique the quantitative methods used. To give you guidance in empirical methods, we will devote the class meeting on March 8 to manipulating these data to work through a similar question. The assignment will be due in class on March 20.

Research Project (4000 words)

The term project will be your chance to demonstrate mastery of a specific part of the course. You have extremely wide scope to choose any topic related to the economics of the family. The final paper will be about 4,000 words long. We would encourage you to think of an empirical project that asks an innovative question, but critical reviews of the literature are also acceptable. A grade of A will only be awarded for papers that add value to the existing literature. For the empirically minded, we are happy to provide guidance as to existing datasets. There will be three stages to the project:

- A. On April 3 you will submit an 800 word project proposal. This should outline the question that you hope to address, and show that you have made some attempt to understand where your question fits within the literature (citing three of four of the main papers in the field should be sufficient). You should also show that you have thought about possible datasets and ways to address your question. This is your best opportunity to receive feedback from us, so we advise you to take this part of the project extremely seriously. When we return these papers to you a week later, you will then be locked into that topic.
- B. On May 1 & 3 the class will be devoted to hearing about students' research projects. During these two classes each student will make a 10-15 minute presentation to the class on the state of their research project. A further 5 minutes of discussion time will allow you to gather feedback

from your peers. We do not expect to see a finished product. We do expect to see that you are making reasonable progress on the project, and we expect you to present sufficient work that the class will be able to provide you with useful feedback. We also expect you to have put significant thought into the presentation itself.

- C. The final paper is due on May 14. This paper should demonstrate a keen understanding of the existing literature, and the contribution that it makes. Innovative and risky projects will be rewarded, even if the final product is not perfect. An important aim of Ec 970 is to teach you to write like an economist, and clear presentation will be crucial. Complex quantitative analysis is not required. You are required to present a compelling analysis, which is as likely to be facilitated by simple charts as by complex regression equations. The best papers will make a theoretical or empirical contribution to the literature; surveys of the literature should be critical, and synthesize or criticize the main works in the field in an interesting or innovative way.

If you want feedback on a draft of the paper, it should be handed in by May 7. We will endeavor to return these drafts, with comments, within a few days.

Grading and Deadlines

Late work will not be accepted unless it is first cleared with one of us *in advance*.

Response Papers

Due by 5pm on the evening before class.

14 assignments at 2% each = 28%

Class Participation

7%

Empirical Assignment

Due in class on March 20

15%

Term Project: Proposal

Due in class on April 5 (first class after Spring Break)

5%

Term Project: Class presentation of progress on

10%

Term Project: Final Paper

To be handed in by Noon on May 17. (To Justin's office: Taubman 451 at Kennedy School)

35%

Readings and Texts

Most of the readings are available online. We have marked each article with a particular symbol to help you find it.

Key:

J Available online from JSTOR

N Available online from www.nber.org

B Available online from <http://www.uiowa.edu/~mfblaw/>

Unmarked articles are not available online, and will be made available for you to photocopy.

Class 1: Introduction

Thursday February 8– Response Papers NOT required.

Feldman, Ellen “Till Divorce Do Us Part” *American Heritage* November 2000

“I do, I can, I will” *The Economist* January 6, 2001

Hegel, George “The Philosophy of Right” Part 3 Sect. 161-173

Engels, Friedrich “The Origin of the Family, Private Property, and the State” Chap. 2 Sects 3&4

Debating the Economic Approach to Families

Class 2: The Economic Approach to the Family

Tuesday February 13

What is the economic approach?

Becker, Gary S. *The Economic Approach to Human Behavior* University of Chicago Press, 1976
Read Chapter One in this book

J Becker, Gary S. Nobel Lecture: The Economic Way of Looking at Behavior. *Journal of Political Economy*. Vol. 101 (3). p 385-409. June 1993
Read sections one, five and six.

Criticizing the Economic Approach to the Family

Strassman, Diana “ Not a Free Market: The Rhetoric of Disciplinary Authority in Economics” in *Beyond Economic Man* pp 54-68

Woolley, Frances “Getting the Better of Becker” *Feminist Economics* 2:1 (Spring 1996), pp. 114-120

McCloskey, Deidra (Donald) “Some Consequences of Conjective Economics” in *Beyond Economic Man* pp. 69-93

The Theory of Marriage and Family Formation

Class 3 – The Neoclassical Theory of Marriage

Thursday February 15 – Response papers due by 5pm the night before class

Francine Blau, Marianne Ferber, and Anne Winkler Economics of Women Men and Work Chapter 3
“The Family as an Economic Unit”

Read pp. 31-45

Becker, Gary “A Theory of Marriage” chapter 11 of *The Economic Approach to Human Behavior*

England, Paula “The Separate Self: Androcentric Bias in Neoclassical Assumptions” subheading
“Altruism at Home” in *Beyond Economic Man* pp. 37-53

Class 4 – The Family as an Economic Unit

Tuesday February 20 – Response papers due by 5pm the night before class

Blau, Francine, Marianne Ferber, and Anne Winkler Economics of Women Men and Work Chapter
3 “The Family as an Economic Unit”

Read pp.45-50

J Pollak, Robert A. “A Transaction Cost Approach to Families and Households” *Journal of Economic Literature* Vol. XXIII (June 1985), pp. 581-608

J Matthaei, Julie “Consequences of the Rise of the Two-Earner Family: The Breakdown of the
Sexual Division of Labor” *American Economic Review* 70(2) May 1980.

Class 5 – Bargaining Models of the Family

Tuesday February 22 – Response papers due by 5pm the night before class

Lundberg, Shelly and Pollak, Robert A. “Bargaining and Distribution in Marriage” *Journal of Economic Perspectives* Vol. 10 (Fall 1996), pp. 139-158

Pollak, Robert A. “For Better or Worse: The Roles of Power in Models of Distribution within
Marriage” *American Economic Review* Vol. 84, No. 2, May 1994

Lundberg, Shelly and Robert A. Pollak “Noncooperative Bargaining Models of Marriage” *American Economic Review* Vol. 84, No. 2, May 1994

Class 6 – Combining Economic and Non-Economic Approaches to the Family

Tuesday February 27 – Response papers due by 5pm the night before class

Bergstrom, Theodore C. “Economics in a Family Way”, *Journal of Economic Literature*, Vol. XXXIV,
No. 4 December 1996, pp. 1903-1934.

Class 7: Family Institutions in Other Cultures

Thursday March 1 – Response papers due by 5pm the night before class

Empirical Exercise will be handed out (due in class on March 16)

Becker, Gary S. *A Treatise on the Family*, Harvard University Press: Cambridge, MA. 1981.
Read Chapter 11 “The Evolution of the Family”

Becker, Gary S. *A Treatise on the Family*, Harvard University Press: Cambridge, MA. 1981.
Read Chapter 3 “Polygamy and Monogamy in Marriage Markets”

Class 8: More on Alternative Family Institutions

Tuesday March 6 – Response papers due by 5pm the night before class

B Brinig, Margaret “Rings and Promises”, 6 *Journal of Law, Economics and Organization*

Botticini, Maristella and Aloysius Siow. “Why Dowries?” mimeo

Class 9: In Class Demonstration of Empirical Methods

Thursday March 8 – Response Papers NOT required.

In class we will address an empirical question very similar to the one that is required for your Empirical Exercise. Specifically, using the Straus and Gelles data that you will use in your own work, we will ask:

Does domestic violence cut across class lines?

I will bring a computer to class, and working through the question as a group, we will perform empirical analysis of the type that will be expected from you in the empirical exercise..

Your task is to come to class with sufficient knowledge of the codebook that you are familiar with the main variables that will help us analyze this question. Further, you will be expected to have suggestions for how you would define the variables for analysis, and the types of tables and regressions that you want us to run.

Marital Instability and Divorce

Class 10 - The Facts

Tuesday March 13 – Response papers due by 5pm the night before class

Waite, Linda “Does Marriage Matter” *Demography* Vol 32 No 4. November 1995, pp. 483-507

Cherlin, Andrew *Marriage Divorce Remarriage*, Revised Edition, Harvard University Press 1992
Read Introduction and Chapter One

J Bumpass, Larry L. “What’s Happening to the Family” in *Demography*, Vol. 27, No. 4 November 1990, pp. 483-498

Class 11 – Facts about the Afro-American Family

Thursday March 15 – Response papers due by 5pm the night before class

J David T. Elwood and Jonathan Crane "Family Change Among Black Americans: What Do We Know?" *Journal of Economic Perspectives*, Volume 4, Number 4, Fall 1990, pp. 65-84

Wilson, William Julius *The Truly Disadvantaged*, University of Chicago Press, 1987
Chapter 3 “Poverty and Family Structure: The Widening Gap Between Evidence and Public Policy Issues”

Class 12- Neoclassical Model of Instability

Tuesday March 20 – Response papers due by 5pm the night before class
Empirical Exercise due at the start of class

J Becker, Gary S. Elisabeth M. Landes, and Robert T. Michael “An Economic Analysis of Marital Instability” *Journal of Political Economy* Vol. 85, No. 6. (Dec 1977), pp.1141-87

Class 13: Explanation 1: Reproductive Technology

Thursday March 22 – Response papers due by 5pm the night before class
Last class before Spring Break. REMINDER: Project proposal due in the first class back from break

Akerlof, George, Janet Yellen and Michael Katz “An Analysis of Out-of-Wedlock Childbearing in the United States”, *Quarterly Journal of Economics* Vol CXI Issue 2, May 1996

Katz and Goldin “The Power of the Pill: Oral Contraception and Women’s Career and Marriage Decisions” mimeo

Class 14: Explanation 2: Rising female labor force participation

Tuesday April 3 – Response papers due by 5pm the night before class
Project proposals due at that the start of class

Cherlin, Andrew *Marriage Divorce Remarriage*, Revised Edition, Harvard University Press 1992
Read Introduction and Chapter Two

Class 15: Explanation 3: The Rise in the Welfare State

Thursday April 5 – Response papers due by 5pm the night before class

N Hoynes, Hilary “Work Welfare and Family Structure: What Have We Learned?” NBER Working Paper #5644, July 1996

N Hoynes, Hilary “Does Welfare Play Any Role in Female Headship Decisions?” NBER Working Paper #5149, June 1995

Jencks, Christopher *Rethinking Social Policy* Harper Perennial, 1993
Read pp. 79-85 “Social Policy and Single Motherhood”

Class 16: Explanation 4: No-fault divorce laws

Tuesday April 10 – Response papers due by 5pm the night before class

Becker, Gary S. *A Treatise on the Family*, Harvard University Press: Cambridge, MA. 1981.
Read Chapter 10 “Imperfect Information, Marriage and Divorce”

J Peters, H Elizabeth. Marriage and Divorce: Informational Constraints and Private Contracting..
American Economic Review. Vol. 76 (3). p 437-54. June 1986

N Friedberg, Leora (1998) "Did Unilateral Divorce Raise Divorce Rates?
Evidence From Panel Data", *American Economic Review*, 83(3).Friedberg, Leora (1998)

Class 17: Explanation 5: The Persistent Effects of Slavery

Thursday April 12 – Response papers due by 5pm the night before class

Patterson, Orlando (1998) *Rituals of Blood* Basic Civitas Publishers
Read pp. 1-168

Policy Issues

Class 18: What is the "right" family law regime?

Tuesday April 17 – Response papers due by 5pm the night before class

B Brinig, Margaret "The Marriage Covenant", *mimeo*

Stevenson, Betsey and Justin Wolfers "Til Death Do Us Part: Effects of Unilateral Divorce on Suicide and Spousal Murder", *mimeo*

Class 19 Consequences of Divorce – for Ex-Spouses

Thursday April 19– Response papers due by 5pm the night before class

Kurz, Demie *For Richer, For Poorer: Mothers Confront Divorce* Routledge Press, 1995.
Read Chapter 4 "Coping With Divorce", and Chapter 5 "Dividing Resources"

Class 20: Consequences of Divorce – for Children

Tuesday April 24 – Response papers due by 5pm the night before class

Furstenberg, Frank F. and Andrew J. Cherlin *Divided Families*, Harvard University Press, 1991
Read pp.1-95

Class 21 Summary & Further Discussion

Thursday April 26– Response papers due by 5pm the night before class

J Willis, Robert J. What Have We Learned from the Economics of the Family? *American Economic Review*. Vol. 77 (2). p 68-81. May 1987.

Class 22 & 23 Students' Presentations of Individual Research Projects