Research Statement

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My research interests are in Labor Economics, Household and Family Economics, and Migration. I am interested in the way decisions are made within the household and in the roles of the family members in the decision-making process. I focus on the family labor supply behavior, family migration and relocation decisions, and on family formation and dissolution. In the first two chapters of my dissertation I apply prevalent models of family economic behavior to labor supply and migration decisions and test the assumptions and outcomes of these models. In the third chapter of my dissertation I conduct a time series analysis of family formation, dissolution, labor force participation, and earnings in order to explain the decline in marriage rates in the U.S. since the end of 1960s.

The end of the 20th century and the beginning of the 21st century saw a convergence in labor force participation, hours of work, and wage rates of men and women. Together with these changes, the family decision-making process likely changed. Family decisions were traditionally studied within the framework of a unitary model, which assumes that the family acts as a single utility maximizing unit. Since the 1990s studies demonstrated that the unitary model is often inapplicable to family consumption decisions. Economists developed alternative models of family choice that took into account the interdependence of the decisions of household members but did not impose the strict constraints of the unitary model.

In my job market paper I study family labor supply, and apply prevalent models of household decision making to family labor supply decisions. My study focuses on families in which the husband works full-time, and assumes that the husband’s labor supply is fixed. I apply the collective model of household decision making, which assumes that decisions made within the household are Pareto optimal for household members. The collective model is not rejected by the data. I find that the source of the exogenous income, in particular, the ratio of the wife’s nonlabor income to the family exogenous income, affects the wife’s labor supply. This result is inconsistent with the unitary model, which assumes that the income in the family is pooled in a family budget constraint.

I find that for my sample of families interviewed in 2005, 2007, and 2009 wives’ elasticity of labor supply with respect to their own wage is small and not significantly different from 0. My estimates of wives’ labor supply elasticity with respect to exogenous income are negative, relatively small, and statistically significant. These findings are in line with the studies by Blau and Kahn (2005) and Heim (2007) that note a fall in labor supply elasticities of married women since 1978. I find that family labor supply decisions in families with husbands working full-time can be approximated by the unitary as well as the collective model. My study displays further evidence that labor supply behavior of men and women is converging. Married and cohabiting women in the 2005-2009 samples do not increase their labor supply in response to an increase in their wages, similarly to married men.
My second essay focuses on the decision of families to migrate and relocate. This study fills the gap in the literature by considering the role of intrahousehold decision making in family migration. My research sample consists of U.S. families observed over the 1985-1991 period. I apply economic models of migration and consider the role of intrahousehold decision making in the migration decision. The migration choices of working-age couples are consistent with the unitary model. They are not affected by the individual preferences and the distribution of the bargaining power among the spouses. In retired couples the spouses’ preferences and roles in the decision-making process affect their migration decisions. The decisions about moving for job-related reasons are consistent with the unitary model, while the decisions about moving to change the housing and the neighborhood conditions of residence are affected by the individual preferences of the spouses. My results suggest that in retired couple and in moves for the reasons unrelated to finding and changing jobs individual roles of the spouses affect the decisions. Further research is needed to develop and apply alternative models of household decision making, such as collective models, to migration and relocation.

My third essay is a time-series study of marriage rates in the U.S. over the 1967-2008 period. I fit vector autoregressive (VAR) and vector error correction (VEC) models to seven annual time series consisting of labor force participation rates by sex, median earnings, the ratio of women’s earnings to that of men, and marriage, divorce and birth rates. The purpose of this study is to examine the roles that the changes in the labor market choices of men and women since the end of the 1960s played in the dramatic decline in marriage rates (44 percent) during the 1967-2008 period.

The results from fitting the VAR model demonstrate a negative impact of the lagged women’s labor force participation on marriage rates. I find that the data exhibit common stochastic trends and fit a VEC model that explicitly models these trends. The impulse response analysis based on the results from the VEC model shows that of the seven series in the model only the ratio of women’s earnings to that of men has a persistent effect on marriage rates. A positive shock to earnings ratio has negative and significant short-term and long-term effects on marriage rate. The increase in the ratio of women’s earnings to men’s earnings has the potential to explain 23 percent of the decrease in marriage rates over the 1967-2008 period.

My results are consistent with the economic theory of marriage developed by Becker (1973). The economic theory of marriage focuses on the gains from marriage arising from the complementarity of skills and contributions of the spouses. According to the theory, if women become more like men in their earnings and labor force participation, the gains from marriage due to specialization of men in market work and women - in home production decrease. The economic theory of marriage predicts that marriage rates will continue to fall, albeit at a slower rate, until male and female earnings and labor force participation converge. At this time, advantages to marrying other than the gains due to gender specialization may start playing a role. Stevenson and Wolfers (2007) discuss such sources of gains from marriage as common enjoyment of leisure time and consumption that may be greater for couples with similar incomes and lifestyles.

In the future I plan to continue the research in Household Economics. Most households in the U.S. are family households, and many decisions made within these households are made jointly.
by family members. To study and predict family choices researchers have to understand to some degree the decision-making process within the family. I plan to develop and apply models of family choice to important family decisions. A family decision that particularly interests me is family labor supply. Labor supply is the basic variable of the individual’s economic behavior, and the degree of participation in the labor market largely determines one’s economic power in the society.

Since the 1990s collective models of family decision-making were developed and applied to labor supply and consumption decisions. Collective models rely on the assumption that the decisions reached within the family are Pareto optimal. I plan to investigate noncooperative models of family behavior that do not assume Pareto optimality. Noncooperative models of family choice allow an application of noncooperative game theory to intrahousehold bargaining. Game theory contains predictions about decisions reached by several players given different preferences and outcomes, and may be a useful resource in modeling the household decision-making process. In addition, I am interested in the development and application of family life-cycle models based on the collective and noncooperative models of household decision-making. Most life-cycle models of family choice are based on a single family-level utility function and a family budget constraint. Life-cycle models account for such qualities of the individual or the family as time preference and risk aversion. These qualities are likely to differ between the main decision makers in the family, and are also likely to affect their bargaining power. Game theory suggest that in group decisions people that are impatient (have a high time preference) and highly risk averse settle on a decision that brings them a lower payoff than if they were more patient and less averse to risk. These suggestions can be incorporated into the family life-cycle models of labor supply and consumption.