Division of Economics
A.J. Palumbo School of Business Administration and
McAnulty College of Liberal Arts
Duquesne University
Pittsburgh, Pennsylvania

THE EFFECT OF WIVES' EARNINGS POTENTIAL ON THEIR RISK OF DIVORCE

Maggie Neely

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Faculty Advisor Signature Page

Antony Davies, Ph.D. Date
Associate Professor of Economics

In this paper, I use data from the first and second waves of the National Survey of Families and Households to analyze the effect that a wife's earnings potential has on her risk of divorce. A number of studies have analyzed the effect that a wife's actual earnings has on her risk of divorce, but these studies have yielded mixed results. Moreover, although it has become increasingly common for women to remain in the labor force after marriage, a substantial number of married women still do not work. For this reason, a wife's earnings potential—rather than her actual earnings—may be a better indicator of her financial well-being following a divorce, as a woman who does not work while married could very well enter the labor force upon divorcing. The results of this analysis suggest that a wife's earnings potential is positively and significantly correlated with her risk of divorce.

JEL Classifications: D1, J12, J3

Key Words: divorce, wives, earnings potential, economic independence, economic opportunity

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I. Introduction

Over the past century, the divorce rate in the United States has increased dramatically, as has female participation in the labor force (Table 1). These simultaneous trends have led many researchers to investigate the relationship between female economic independence and marital transitions, and to examine the fundamental idea of marriage in terms of costs and benefits. As financial security is generally regarded as one of the primary benefits of marriage, a positive correlation between a wife's income and her risk of divorce seems counterintuitive. One explanation for this trend, however, is particularly suggestive: Because more women are participating in the labor market now than ever did in the past, divorce has become an affordable option for wives in unhappy marriages. At the same time, this suggests that women with fewer economic resources of their own are likely to remain in unhappy marriages purely for financial security.

Table 1. Divorce Rate per 1000 Population and Female Labor Force Participation Rate, 1920-2011

Year	Divorce Rate	LFPR (%)
1920	1.6	22.7
1930	1.6	23.6
1940	2.0	27.9
1950	2.6	33.9
1960	2.2	37.8
1970	3.5	43.4
1980	5.2	51.6
1990	4.7	57.5
2000	4.0	59.9
2011	3.6	58.1

Sources: Blau and Ferber 1992, CDC/NCHS National Vital Statistics System, U.S. Department of Labor: Bureau of Labor Statistics

Following that idea, Pollak (2005) suggests that a woman's perceived well-being following a divorce will substantially impact her decision to divorce, but that she gauges her well-being not by her actual earnings at the time of divorce but rather her potential earnings. Many studies have analyzed the effect of a wife's actual earnings on her risk of divorce, but the effect of a wife's current earnings potential on her risk of divorce has yet to be tested empirically. In this paper, I use data from the first two waves of the National Survey of Families and Households to estimate the effect of a wife's earnings potential at the first wave on the probability that she divorced by the second wave.

II. Literature Review

Among the most seminal contributions to the literature regarding the economics of marriage are those of Gary Becker. Becker (1974) likens marriage to a trade from which couples gain the most when each spouse specializes completely in his or her respective area of comparative advantage. Traditionally, the wife's comparative advantage is in household production, while the husband's comparative advantage is in market work. According to Becker, the gains from this trade make marriage more beneficial to each spouse than remaining single and create a mutual dependence between the couple. As women increase their labor market participation and earnings, then, the couple becomes less specialized, and the gains from marriage decrease, thereby increasing the risk of divorce (Becker, Landes, and Michael 1977). The notion that women's economic independence makes marriage unattractive and increases their risk of divorce has come to be known as the independence effect.

However, recent research suggests that shifting social norms may have rendered Becker's theories and the independence effect irrelevant to modern marriages. Isen and Stevenson (2010) note that technological progress in the twentieth century has reduced the amount of time needed in household production and, consequently, women's comparative advantage in household production (Goldscheider, Turcotte, and Kopp 2001; Sayer and Bianchi 2000). Sayer and Bianchi add that higher market wages for women have increased the opportunity cost of having a stay-at-home spouse, and many researchers hypothesize that working wives stabilize marriages, as dual-earner households are better equipped to manage financial difficulties than single-earner households (Neeman, Newman, and Olivetti 2008; Ono 1998; Rogers and DeBoer 2001; Sayer and Bianchi 2000; Sweeney 2002). As such, couples may actually maximize their gains from marriage by having both spouses contribute financially to the household through market work. Sayer and Bianchi purport that similar spousal roles should enhance the emotional connection between spouses, and they state that couples do, in fact, cite more advantages than disadvantages to shared spousal roles.

Women with greater economic resources may also stabilize marriages because they are more selective in the marital search. Neeman, Newman, and Olivetti (2008) and Oppenheimer (1988) hypothesize that economically independent women will set higher minimum standards for their prospective spouses and are thus less likely to enter poor quality marriages. However, Neeman, Newman, and Olivetti note that this effect could reverse after marriage; since economically independent women have the means to divorce, they will be less tolerant of poor quality marriages. Oppenheimer also hypothesizes that the increased selectivity of economically independent women will increase their age at first marriage as well as their likelihood of never marrying, but she concludes that increased female economic independence should not decrease the gains to marriage in general.

Moreover, research suggests that the economic expectations of husbands and wives are converging. Although Xie et al. (2003) find only men's economic potential to significantly affect the likelihood of marriage, many studies find evidence to the contrary. Aassve et al. (2002), for instance, analyze the transitions from home to living independently or marriage of young adults in the 1979 to 1992 cycles of the National Longitudinal Survey of Youth and find that higher levels of economic resources increase the rate of marriage for young men and women alike. Sweeney (2002) also uses data from the National Longitudinal Surveys and finds that a one unit increase in logged earnings among white women born between 1961 and 1965 increases the likelihood of marriage by 21%, while having no earnings decreases the likelihood of marriage by 32%. However, Sweeney finds no significant impact of earnings on the likelihood of marriage among white women born between 1950 and 1954, suggesting that the importance of wives' economic contributions is strengthening over time.

Further evidence of the converging economic expectations of husbands and wives is offered by Sweeney and Cancian (2004) and Sassler and Schoen (1999). Sweeney and Cancian use data from the National Longitudinal Surveys to analyze the correlation between wives' and husbands' economic prospects and find that wives' pre-marriage wages are positively correlated with their husbands' economic standing; moreover, they find that this correlation has strengthened over time. Similarly, Sassler and Schoen examine the determinants of marriage among the individuals interviewed in the National Survey of Families and Households and find no significant difference between the effect of men's and women's economic resources on their likelihood of marriage.

Empirical analyses of the relationship between wives' incomes and their risk of divorce, however, have yielded mixed results. A number of studies—both relatively old and relatively new—find evidence in support of the independence effect. Becker, Landes, and Michael (1977) use data from the 1967 Survey of Economic Opportunity and the Terman Sample to support their hypothesis that increases in wives' economic independence increase their risk of divorce. Van Der Klaauw (1996) analyzes data on 548 women from the 1985 wave of the Michigan Panel Survey of Income Dynamics and finds that each $1,000 increase in a woman's income per year increases her probability of divorce. Likewise, in a study of couples in the Netherlands, Kalmijn, Loeve, and Manting (2007) find that increases in a wife's income increase the risk of divorce while increases in a husband's income decrease the risk of divorce. Burgess, Propper, and Aassve (2003) and Teachman (2010) find similar trends using data from the National Longitudinal Survey of Youth.

Moreover, Kalmijn et al. (2007) find that the risk of divorce grows even stronger when the wife accounts for more than half of the family income. Additionally, in an analysis of 1,074 individuals in the Marital Instability Over the Life Course study, Rogers (2004) finds that the risk of divorce is strongest when wives account for 50% to 60% of family income. Ressler and Waters (2000), using state data from 1960, 1970, 1980, and 1990, also find evidence that wives' earnings significantly increase the divorce rate, but they find that this impact has weakened over time.

On the other hand, there seem to be just as many studies rejecting the independence effect as there are supporting it. Using data from the 1968 to 1985 waves of the Panel Study of Income Dynamics, Ono (1998) finds a U-shaped relationship between a wife's income and the probability of marital dissolution when controlling for the husband's economic resources, implying that the risk of divorce increases when a wife's income is very low or very high but otherwise acts to stabilize the marriage. Rogers (1999) and Rogers and DeBoer (2001) also fail to find any significant effect of wives' income on perceptions of marital discord or the risk of divorce in their analyses of individuals in the Marital Instability Over the Life Course study. Instead, Rogers and DeBoer suggest that increases in wives' income may act to decrease the risk of divorce by increasing marital happiness.

Similarly, Sayer and Bianchi (2000) and Schoen et al. (2002) fail to find compelling evidence of the independence effect. Schoen et al. use data from the first two waves of the

National Survey of Families and Households to examine the effect that marital quality and wives' employment have on the risk of divorce, and while they initially find wives' full-time employment to significantly increase the risk of divorce, this effect disappears when they control for measures of marital happiness. Using the same dataset, Sayer and Bianchi also find subjective measures of marital quality to be significantly more important than economic factors in predicting the risk of divorce. These findings offer strong support for the economic opportunity hypothesis, which states that increases in females' economic resources do not inherently destabilize marriages but rather grant females the ability to leave unstable marriages.

A methodological problem inherent in analyses utilizing data on women's earnings is that a number of women do not work. Although it has become more common for women to remain in the labor force after marriage, it is still not uncommon for women to leave the labor force upon marriage or during their childbearing and childrearing years. Such women have zero observed earnings because their reservation wage exceeds the market wage. However, an income of zero is not indicative of what these women could potentially earn were they to enter the labor force. Analyses that fail to account for this discrepancy are thus subject to sample selection bias, and therefore estimates of such analyses will not be representative of the entire female population (Heckman 1976; Heckman 1979; Heckman and Killingsworth 1986).

Moreover, Pollak (2005) refutes the impact—whether positive or negative—of earnings on the risk of divorce. In a theoretical model of bargaining power in marriage, Pollak argues that wage rates, rather than observed earnings, reflect well-being at the threat point and thus determine bargaining power. This implies that a woman contemplating divorce would consider not her actual earnings at that point in time but rather her potential earnings after exiting the marriage when making her decision, since a woman who does not work while married may very well enter the labor force before or upon divorcing.

Using data from the National Longitudinal Survey Young Women's cohort, Peters (1993) does find evidence that a woman's decision to divorce is significantly affected by her perceived well-being following the divorce. However, Peters finds that women place significantly more importance on the short-term versus the long-term financial consequences of divorce in making their decisions. Furthermore, Johnson and Skinner (1986), in a study of families in the Michigan Panel Study of Income Dynamics, find that women increase their labor supply by 1,024 hours, on average, in the year prior to separating; this implies that women anticipating divorce increase their work effort to decrease their financial exit costs and increase their well-being following the divorce.

Although many studies have examined the effect of a wife's education, income, or employment on her risk of divorce, the existing literature lacks empirical analyses of the impact of a wife's economic potential, rather than her actual resources, on her risk of divorce. One exception is Burgess, Propper, and Aassve (2003), who estimate men's and women's long-run economic potential using data from the NLSY79 and analyze the effect of this estimate on the time to marriage and the time to divorce. My research attempts to fill the gap in the literature and differs from Burgess, Propper, and Aassve by analyzing the effect of females' current earnings potential on their risk of divorce while correcting for sample selection bias and controlling for measures of marital quality.

III. Methodology

A. Theoretical Framework and Hypothesis

The ambiguity of the effect of an increase in a wife's income on her risk of divorce is compounded by the fact that this effect cannot be measured for all married women, since many married women do not work. Although it has become increasingly common for women to remain in the labor force after marriage, approximately 40% of married women are not in the labor force.[1] To analyze the effect of a woman's earnings on her risk of divorce, then, it is important to first consider her decision to work or not to work while married, which is determined by her reservation wage.

A reservation wage is the wage at which an individual is indifferent between working and not working. According to labor supply theory, an individual will work only when his or her reservation wage is lower than the market wage. Increases in a woman's market wage will therefore decrease her reservation wage and make it more likely that she will enter the labor force or supply more hours to the labor force. Labor supply theory also purports that increases in an individual's nonlabor income increase his or her reservation wage. Since the income a husband provides to the household is a source of nonlabor income, marriage increases a woman's reservation wage (provided that her husband does, in fact, work) and thus decreases the likelihood that she will participate in the labor force (Borjas 1995).

As a divorce typically results in a substantial decrease in a woman's nonlabor income, and a decrease in nonlabor income decreases an individual's reservation wage, it follows that the risk of divorce increases the likelihood that a married woman increases her labor supply. Analyses that estimate only the impact of a wife's observed economic resources on her risk of divorce overlook the dynamic effect of a woman's reservation wage on her labor supply decision

[1] Bureau of Labor Statistics, 2012

and consequently her economic potential, which will determine her ability to afford a divorce and support herself financially following a divorce. Following Pollak (2005), I hypothesize that a woman's economic potential is significantly and positively correlated with her risk of divorce.

B. Data

The National Survey of Families and Households (NSFH) contains life history data on a cross-section of 13,007 households. One member from each household was selected to be the primary respondent; individuals of age 19 and over were targeted to be primary respondents, but married individuals under the age of 19 and individuals living in households with no members of age 19 or older were also eligible. Respondents were interviewed in three different waves and were asked questions regarding their current household characteristics, family and fertility histories, educational and employment histories, social and demographic characteristics, health and psychological well-being, and general beliefs and attitudes. Where applicable, respondents' spouses and children were also interviewed. The spouse's interview, in addition to portions of the primary respondent's interview, was self-administered (Sweet, Bumpass, and Call 1988).

The first wave of interviews, conducted from 1987 to 1988, contains a sample of 13,007 primary respondents. Of these respondents, 5,645 had spouses who were interviewed at Wave 1 as well. The second wave was conducted from 1992 to 1994 and contains follow-up interviews with 10,007 of the original primary respondents, 5,624 of the respondents' current spouses, and 789 of the respondents' ex-spouses or partners from Wave 1.

To estimate the earnings potential of the females in this sample, I drop females for whom data regarding their labor force participation or earnings is missing. Any female for whom data on a key independent variable is missing is also dropped from the estimation. This results in a sample of 1,469 females, 11% of whom are black, 9% of whom are Hispanic, and 1% of whom are a race other than white, black, or Hispanic. After estimating the females' earnings potentials, I follow Schoen et al. (2002) and drop respondents who are age 50 or over, are not white or black, or are not married at Wave 1. I also drop respondents who reported positive earnings but zero hours of work, or zero earnings but positive hours of work; this leaves a final sample size of 2,164 females, of whom 11% are black.

C. Econometric Problems

Although the NSFH provides a wealth of data spanning a broad range of categories, the extensity of the interviews, combined with the fact that portions of the interviews were self-administered, leads to missing data for many respondents. This represents a substantial problem, as statistical software automatically eliminates a respondent with missing data during regression estimation. I approach this issue in two ways. First, if a respondent is missing data for any key variable—such as labor force participation, earnings, or marital status at Wave 1—I follow Sayer and Bianchi (2000) and Schoen et al. (2002) and drop the respondent entirely from the sample. Second, for each categorical control variable, I follow Schoen et al. and create a dummy variable indicating whether data for that control variable is missing for each respondent. If the dummy variable is significant, I keep it in the model; otherwise, I drop the dummy variable from the model.

The next problem is particular to my research question. In order to analyze the effect of a wife's earnings potential on the likelihood that she divorces, I must first estimate each wife's earnings potential. Females' earnings cannot be estimated using Ordinary Least Squares, however. Many women—especially married women—do not work and thus have zero earnings. The fact that these women have zero earnings is reflective not of their economic potential but rather their decision not to participate in the labor force. Failure to account for this fact when estimating females' earnings is an error of sample selection bias and leads to earnings estimations that are biased toward zero (Heckman 1976, 1979; Killingsworth and Heckman 1986). I use Heckman's (1979) two-step procedure to correct for sample selection bias; this is described in further detail in Part III.D.

D. Model Specification

For my analysis, I will estimate two models. First, I will estimate the economic potential of each female in my sample. This estimate will become the independent variable of interest in my second model, in which I estimate the effect that a female's economic potential at the first wave of the survey has on the probability that she experiences a divorce by the second wave of the survey.

To estimate the economic potential of the females in my sample, I employ Heckman's (1979) two-step procedure. The first step of this procedure uses a Probit model to estimate a female's selection into the labor force, which is her decision to work or not to work. Following Wooldridge (2002) and Baum (2006), I model a female's selection into the labor force as a function of her age, educational attainment, number of children, the presence of a young child in her household, her marital status, the unemployment rate for females at her level of educational attainment, and her spouse's earnings, such that

$$LFP_i = \alpha + \beta_1 Age_i + \beta_2 Rlths_i + \beta_3 Rsomecollege_i + \beta_4 Rcollege_i + \beta_5 Numchild_i + \beta_6 Child4under_i + \beta_7 Married_i + \beta_8 Unemp_i + \varepsilon_i \quad (1)$$

where LFP_i is a binary dependent variable equal to 1 if female *i* is currently in the labor force and 0 otherwise.

The Heckman procedure uses the results of the Probit regression in Equation 1 to calculate the Inverse Mills Ratio, λ_i, which is found by dividing the probability density function of LFP_i by its cumulative distribution function (Heckman 1979). In this analysis, λ_i is a function of the probability that a woman in the sample is selected into the labor force.

In the second step of Heckman's (1979) procedure, an Ordinary Least Squares regression is conducted to estimate the females' earnings, with λ_i included as a regressor. Following Wooldridge (2002), Baum (2006), and Xie et al. (2003), I estimate each female's earnings potential as a function of her age, race, educational attainment, cumulative labor market experience (in years), and cumulative labor market experience squared. Since the females in my sample are not all full-time workers, I divide each female's earnings by the number of weeks she worked in 1986 in order to gauge her weekly pay rate and use this value as the dependent variable. Using the results of Heckman's procedure, I predict each female's potential weekly pay rate with the following model:

$$Weekearn\_hat_i = \alpha_i + \beta_1 Age_i + \beta_2 Rblack_i + \beta_3 Rhispanic_i + \beta_4 Rother_i + \beta_5 Rlths_i + \beta_6 Rsomecollege_i + \beta_7 Rcollege_i + \beta_8 Rworkexpyr_i + \beta_9 Rworkexpyr_i^2 + \beta_{10}\lambda_i + \varepsilon_i \quad (2)$$

where $Weekearn\_hat_i$, the potential weekly pay rate of female *i*, is analogous to her market wage at Wave 1 of the survey. To estimate each female's potential earnings if she worked full-time, I multiply her predicted weekly pay rate by 52, such that

$$Rearnings\_hat_i = Weekearn\_hat_i \times 52 \quad (3)$$

Table 2. Variable Definitions, Heckman Two-Step Procedure

Variable	Description
$Weekearn_i$	Total earnings from wages, salary, or self-employment of female *i* divided by the number of weeks female *i* worked in 1986
$Rlths_i$	If female *i* has less than a high school education then 1; otherwise 0
$Rsomecollege_i$	If female *i* has completed some college then 1; otherwise 0
$Rcollege_i$	If female *i* has a 4-year college degree or higher then 1; otherwise 0
$Rworkexpyr_i$	Total work experience (in years) of female *i*
$Rworkexpyr_i^2$	Total work experience (in years) squared of female *i*
$Rblack_i$	If female *i* is black then 1; otherwise 0
$Rhispanic_i$	If female *i* is Hispanic then 1; otherwise 0
$Rother_i$	If female *i* is a race other than black, Hispanic, or white then 1; otherwise 0
LFP_i	If female *i* is currently working for pay then 1; otherwise 0
Age_i	Age of female *i*
$Numchild_i$	Number of children in female *i*'s household
$Child4under_i$	If female *i*'s youngest child is 4 or younger then 1; otherwise 0
$Married_i$	If female *i* is married then 1; otherwise 0
$Unemp_i$	Unemployment rate per female *i*'s educational attainment
$SPearnings_i$	Total earnings from wages, salary, or self-employment of female *i*'s spouse
$Weekearn\_hat_i$	Estimated weekly pay rate of female *i*
$Rearnings\_hat_i$	Estimated earnings potential of female *i*

Descriptive statistics are presented in Table 3.

Table 3. Descriptive Statistics, Heckman Two-Step Procedure

Variable	Mean / Median	Standard Deviation
$Weekearn_i$	323.03 / 266.03	316.16
$Rlths_i$	0.378 / 0.000	0.485
$Rsomecollege_i$	0.100 / 0.000	0.300
$Rcollege_i$	0.327 / 0.000	0.469
$Rworkexpyr_i$	9.068 / 5.750	9.752
$Rworkexpyr_i^2$	177.26 / 33.063	349.16
$Rblack_i$	0.113 / 0.000	0.317
$Rhispanic_i$	0.088 / 0.000	0.283
$Rother_i$	0.013 / 0.000	0.113
LFP_i	0.566 / 1.000	0.496
Age_i	41.103 / 37.000	15.360
$Numchild_i$	2.305 / 2.000	2.067
$Child4under_i$	0.144 / 0.000	0.352
$Married_i$	0.935 / 1.000	0.247
$Unemp_i$	0.067 / 0.063	0.048
$SPearnings_i$	29,377 / 20,000	48,876
$Weekearn\_hat_i$	262.46 / 248.77	129.87
$Rearnings\_hat_i$	13,648 / 12,936	6,753

To estimate the effect of a wife's earnings potential at Wave 1 on the probability that she has divorced by Wave 2, I follow Burgess, Propper, and Aassve (2003) and use a discrete-time duration model, where the hazard of divorce is logistic with a piecewise constant baseline hazard, such that

$$h_{it} = 1/\{1 + \exp[-\theta(t) - \beta' X_{it}]\} \quad (4)$$

where $\theta(t)$ is the baseline hazard function and $\beta' X_{it}$ is a vector of individual-specific characteristics.

One distinct advantage of the discrete-time duration model over a continuous-time model is that it allows for a flexible baseline hazard that varies over time (Jenkins 1995). While much research finds that the risk of divorce decreases with the length of the marriage, Johnson and Skinner (1986), for instance, find that the risk of divorce over time exhibits an inverted U-shape, with the risk increasing in the first ten years of the marriage and decreasing thereafter. Thus, modeling the baseline hazard of divorce as a monotonic function may be an inappropriate constraint.

The discrete-time duration model is also advantageous in that, like continuous-time models, it includes censored observations (Jenkins 1995). An observation is censored if the respondent does not experience the event of interest before the end of the survey or if the respondent drops out of the sample before the end of the survey. In my analysis, a respondent is censored if she is continuously married from Wave 1 to Wave 2, if she is lost to follow-up at Wave 2, or if she fails to provide information regarding her marital status at Wave 2. Rather than dropping such observations from the analysis, the discrete-time duration model estimates the risk of divorce for all of the females in the sample.

Finally, by reorganizing the data and creating time-varying dummy variables, the duration model can be estimated using a standard logit regression (Jenkins 1995). Reorganization requires creating an observation for every time period in which the respondent is at risk of experiencing the event of interest. Since the respondents in my sample are all married at Wave 1, and because I am interested in the probability that they have divorced by Wave 2 given their characteristics at Wave 1, I expand the period of observation for each respondent as follows: If the respondent is continuously married from Wave 1 to Wave 2, she contributes an observation for each month between her Wave 1 and Wave 2 interviews; if the respondent divorces before Wave 2, she contributes an observation for each month until the month of her divorce. This results in 103,702 person-month observations.

I then construct the binary dependent variable for the discrete hazard model, which is equal to 1 in the month that the respondent experiences a divorce and 0 otherwise. Lastly, I model the piecewise constant baseline hazard by constructing a duration-interval-specific dummy variable for each year that the respondent is at risk of experiencing a divorce; these are included as regressors in the logit model.

The independent variable of interest in the logit model is the current earnings potential estimate from Equation 1. Additionally, I include the spouse's earnings as a regressor, since a husband's earnings are generally found to be negatively correlated with the likelihood of divorce.[2] I also include a dummy variable indicating whether the husband has been unemployed at any time in the past two years, as a husband's unemployment is found to increase the likelihood of divorce (Jensen and Smith 1990).

I also include a number of controls pertaining to the perceived quality of the marriage. Following Sayer and Bianchi (2000), I include dummy variables indicating whether the wife or her husband thought that the marriage was in trouble at any time during the past year. Additionally, I include a dummy variable indicating whether any disagreements between the

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[2] Becker, Landes, and Michael (1977), however, find that a husband's earnings are negatively correlated with the risk of divorce up to earnings levels of $40,000, but this relationship becomes positive at high earnings levels.

wife and her husband became physical during the past year and a dummy variable indicating whether the wife or her husband has a problem with drugs or alcohol, since violence and substance abuse are often cited as primary causes of marital dissolution among divorced individuals (White 1990). I also include a measure of marital commitment for both the wife and husband. This measure is constructed by employing Sayer and Bianchi's methodology, in which they sum the wife's and husband's responses to how they thought their standard of living, social life, career opportunities, overall happiness, and sex life would change if they separated; answers ranged from 1, "much worse," to 5, "much better." Thus, a marital commitment score of 5 represents the most commitment to the marriage, while a score of 25 represents the least commitment to the marriage. Finally, following Sayer and Bianchi and Schoen et al. (2002), I include dummy variables indicating whether the wife or husband describes the marriage as unhappy.

The next set of controls relates to non-subjective characteristics of the marriage. These include the wife's age at the time of the marriage, the duration of the marriage, the number of children the couple has, and the presence of young children in the household, all of which have been found to be negatively correlated with the likelihood of divorce (cf. Becker, Landes, and Michael 1977). Additionally, I include dummy variables indicating whether the respondent is black and whether her spouse is black or a race other than black or white, as the risk of divorce tends to be higher among black individuals (cf. White 1990). Following Schoen et al. (2002), I also include a number of variables indicating differences in spousal characteristics, as divorced individuals often cite incompatibility as a primary cause of their marital dissolution (cf. White 1990). These include six dummy variables indicating whether the husband and wife have different religious preferences and two dummy variables indicating whether one spouse has more education than the other. Lastly, I follow Schoen et al. and include a dummy variable indicating whether the couple cohabited together before marriage and two dummy variables indicating whether the marriage is a second or higher-order marriage with or without children from a previous marriage, all of which have been found to increase the risk of divorce (cf. White 1990).

The last set of controls pertains to the wife's and husband's background characteristics. Included among these are dummy variables indicating whether the wife and husband lived in intact families until they were 19 years old or until they left home for the first time, as living in an intact family is found to be negatively correlated with the likelihood of divorce (cf. White 1990). Following Schoen et al. (2002), I also include a dummy variable indicating whether the wife has a poor relationship with her father, as Schoen et al. find this to significantly increase the probability of divorce. Finally, since Isen and Stevenson (2010) find the risk of divorce to be lowest among college-educated individuals,[3] I account for each spouse's educational attainment by including dummy variables that indicate whether each spouse has completed less than a high school education, at most some college, or a college degree or higher, with the completion of at most a high school education as the reference category.

The effect of a wife's current earnings potential on her risk of divorce can then be estimated using a standard logit regression, where

[3] Isen and Stevenson (2010) find that divorce rates are lowest among individuals with a college degree, highest among individuals who have only completed some college, and in the middle for individuals with a high school degree or less. They suggest that the inability to complete a college degree could be indicative of an inability to commit, thus leading to marital instability.

$$Div_i = \frac{e^{z_i}}{1+e^{z_i}}, z_i = \alpha_i + \beta_1 Rearnings\_hat_i + \beta_2 SPunemp_i + \beta_3 SPunempmiss_i + \beta_4 Rmartrouble_i + \beta_5 Rmartroublemiss_i + \beta_6 SPmartrouble_i + \beta_7 SPmartroublemiss_i + \beta_8 Rmarunhappy_i + \beta_9 Rmarhappymiss_i + \beta_{10} SPmarunhappy_i + \beta_{11} SPmarhappymiss_i + \beta_{12} Ragemar_i + \beta_{13} Marlength_i + \beta_{14} SPlths_i + \beta_{15} SPsomecollege_i + \beta_{16} SPcollege_i + \beta_{17} SPedmiss_i + \beta_{18} Rlths_i + \beta_{19} Rsomecollege_i + \beta_{20} Rcollege_i + \beta_{21} Redmiss_i + \beta_{22} Rmoreed_i + \beta_{23} SPmoreed_i + \beta_{24} Rel1_i + \beta_{25} Rel2_i + \beta_{26} Rel3_i + \beta_{27} Rel4_i + \beta_{28} Rel5_i + \beta_{29} Rel6_i + \beta_{30} Rblack_i + \beta_{31} SPblack_i + \beta_{32} SPother_i + \beta_{33} Numchild_i + \beta_{34} Child4under_i + \beta_{35} Priormarchild_i + \beta_{36} Priormarnochild_i + \beta_{37} Priormarchildmiss_i + \beta_{38} Cohab_i + \beta_{39} Cohabmiss_i + \beta_{40} Rpar_i + \beta_{41} SPpar_i + \beta_{42} SPparmiss_i + \beta_{43} Rfather_i + \beta_{44} Rfathermiss_i + \beta_{45} Drugalc_i + \beta_{46} Drugalcmiss_i + \beta_{47} Rviolent_i + \beta_{48} Rviolentmiss_i + \beta_{49} Rmarcommit_i + \beta_{50} SPmarcommit_i + \beta_{51} SPearnings_i + \beta_{52} d1_i + \beta_{53} d2_i + \beta_{54} d3_i + \beta_{55} d4_i + \beta_{56} d5_i + \beta_{57} d6_i + \beta_{58} d7_i + \beta_{59} d8_i + \varepsilon_i \quad (5)$$

To account for the fact that the earnings potential variable is a predicted value that may over- or underestimate the actual market wages of the females in my sample, I construct four different earnings potential variables and run five variations of the logit model presented in Equation 5. These variations are described in Table 4.

Table 4. Model Variations

Model	Variable of Interest	Description
1	$Rearnings\_hat_i$	Estimated earnings are used for all women.
2	$Rearnings\_hat2_i$	Estimated earnings are used for non-working women and actual earnings are used for working women.
3	$Rearnings\_hat3_i$	Estimated earnings are used for non-working women, scaled earnings* are used for part-time working women, and actual earnings are used for full-time working women.
4	$Rearnings\_hat_i$	The sample is restricted to working women. Estimated earnings are used for all women.
5	$Rearnings\_hat4_i$	The sample is restricted to working women. Estimated earnings are used for part-time working women, and actual earnings are used for full-time working women.

*Scaled earnings are constructed by dividing the woman's actual earnings by the number of weeks she worked, then multiplying the quotient by 52. This is done to estimate how much the woman could make by moving from part-time work to full-time work at her current wage rate.

Table 5. Variable Definitions, Logit Regression

Variable	Description
Div_i	If female *i* is divorced from her Wave 1 spouse at Wave 2 then 1; otherwise 0
$SPunemp_i$	If female *i*'s spouse has been unemployed at any time in the past two years then 1; otherwise 0
$SPunempmiss_i$	If data regarding female *i*'s spouse's employment is missing then 1; otherwise 0
$Rmartrouble_i$	If female *i* thought her marriage was in trouble at any time during the past year then 1; otherwise 0
$Rmartroublemiss_i$	If data regarding whether female *i* thought her marriage was in trouble at any time during the past year is missing then 1; otherwise 0
$SPmartrouble_i$	If female *i*'s spouse thought his marriage was in trouble at any time during the past year then 1; otherwise 0
$SPmartroublemiss_i$	If data regarding whether female *i*'s spouse thought his marriage was in trouble at any time during the past year is missing then 1; otherwise 0
$Rmarunhappy_i$	If female *i* describes her marriage as unhappy then 1; otherwise 0
$Rmarhappymiss_i$	If data regarding female *i*'s marital happiness is missing then 1; otherwise 0
$SPmarunhappy_i$	If female *i*'s spouse describes his marriage as unhappy then 1; otherwise 0
$SPmarhappymiss_i$	If data regarding female *i*'s spouse's marital happiness is missing then 1; otherwise 0
$Ragemar_i$	Age of female *i* at current marriage
$Marlength_i$	Length (in months) of female *i*'s current marriage at Wave 1
$SPlths_i$	If female *i*'s spouse has less than a high school education then 1; otherwise 0
$SPsomecollege_i$	If female *i*'s spouse has completed some college then 1; otherwise 0
$SPcollege_i$	If female *i*'s spouse has a 4-year college degree or higher then 1; otherwise 0
$SPedmiss_i$	If data regarding female *i*'s spouse's educational attainment is missing then 1; otherwise 0
$Rlths_i$	If female *i* has less than a high school education then 1; otherwise 0
$Rsomecollege_i$	If female *i* has completed some college then 1; otherwise 0
$Rcollege_i$	If female *i* has a 4-year college degree or higher then 1; otherwise 0
$Redmiss_i$	If data regarding female *i*'s educational attainment is missing then 1; otherwise 0
$Rmoreed_i$	If female *i* has more education than her spouse then 1; otherwise 0
$SPmoreed_i$	If female *i*'s spouse has more education than her then 1; otherwise 0
$Rel1_i$	If female *i* is Catholic and her spouse is Protestant (or vice versa) then 1; otherwise 0
$Rel2_i$	If female *i* is Protestant and spouse is "other" religion (or vice versa) then 1; otherwise 0
$Rel3_i$	If female *i* is Protestant and spouse's religion is missing (or vice versa) then 1; otherwise 0
$Rel4_i$	If female *i* is Catholic and spouse is "other" religion (or vice versa) then 1; otherwise 0
$Rel5_i$	If female *i* is Catholic and spouse's religion is missing (or vice versa) then 1; otherwise 0
$Rel6_i$	If female *i* is "other" religion and spouse's religion is missing (or vice versa) then 1; otherwise 0
$Rblack_i$	If female *i* is black then 1; otherwise 0
$SPblack_i$	If female *i*'s spouse is black then 1; otherwise 0
$SPother_i$	If female *i*'s spouse is a race other than black or white then 1; otherwise 0
$Numchild_i$	Number of children in female *i*'s household
$Child4under_i$	If female *i*'s youngest child is 4 or younger then 1; otherwise 0
$Priormarchild_i$	If female *i*'s marriage is second or higher with children from previous marriage then 1; otherwise 0
$Priormarnochild_i$	If female *i*'s marriage is second or higher with no children from previous marriage then 1; otherwise 0
$Priormarchildmiss_i$	If data regarding the order of female *i*'s marriage is missing then 1; otherwise 0
$Cohab_i$	If female *i* and her current spouse lived together before marriage then 1; otherwise 0
$Cohabmiss_i$	If data regarding whether female *i* and her current spouse lived together before marriage is missing then 1; otherwise 0
$Rpar_i$	If female *i* lived in an intact family until she was 19 or she left home then 1; otherwise 0
$SPpar_i$	If female *i*'s spouse lived in an intact family until he was 19 or he left home then 1; otherwise 0
$SPparmiss_i$	If data regarding whether female *i*'s spouse lived in an intact family until he was 19 or he left home is missing then 1; otherwise 0
$Rfather_i$	If female *i* has a poor relationship with her father then 1; otherwise 0
$Rfathermiss_i$	If data regarding female *i*'s relationship with her father is missing then 1; otherwise 0
$Drugalc_i$	If female *i* and/or her spouse has problems with drugs and/or alcohol then 1; otherwise 0

Drugalcmiss$_i$	If data regarding whether female *i* and/or her spouse has problems with drugs and/or alcohol is missing then 1; otherwise 0
Rviolent$_i$	If any disagreement between female *i* and her spouse has become physical in the past year then 1; otherwise 0
Rviolentmiss$_i$	If data regarding whether any disagreement between female *i* and her spouse has become physical in the past year is missing then 1; otherwise 0
Rmarcommit$_i$	Index of female *i*'s marital commitment (5=most committed, 25=least committed)
SPmarcommit$_i$	Index of female *i*'s spouse's marital commitment (5=most committed, 25=least committed)
SPearnings$_i$	Total earnings from wages, salary, or self-employment of female *i*'s spouse
d1$_i$-*d8*$_i$	Dummy variables equal to 1 for each year that female *i* is at risk of divorce between Wave 1 and Wave 2 and 0 otherwise

IV. Results and Analysis

To estimate each female's earnings potential, I begin by using Heckman's (1979) two-step procedure. I find the variables corresponding to educational attainment to be highly insignificant indicators of selection into the labor force, and I find the variables corresponding to race to be highly insignificant indicators of weekly earnings; therefore, I drop the educational attainment variables from the selection model, and I drop the race variables from the earnings estimation model. The results of this procedure are presented in Table 6.

Table 6. Results of Heckman Two-Step Procedure

Variable	Estimate	Standard Error
Step 1: Selection		
Dependent Variable = *LFP*$_i$		
Age$_i$	-0.0208***	0.0027
Numchild$_i$	-0.0169	0.0188
Child4under$_i$	2.3566***	0.3610
Married$_i$	-0.3260**	0.1527
Unemp$_i$	-9.7141***	0.8541
SPearnings$_i$	-1.30×10^{-6}*	7.65×10^{-7}
λ_i	48.3094*	27.3849
Step 2: Estimation		
Dependent Variable = *Weekearn*$_i$		
Rlths$_i$	-98.6126***	25.5530
Rsomecollege$_i$	56.5514*	28.8486
Rcollege$_i$	194.0884***	20.9935
Rworkexpyr$_i$	6.5220***	2.2087
Rworkexpyr$_i^2$	-0.1215*	0.0630
χ^2 = 171.90***		
N = 1,469		

Probit regression (Step 1), *LFP*$_i$ is a binary dependent variable equal to 1 if female *i* is in the labor force and 0 otherwise. OLS regression (Step 2). *** p < 1%, ** p < 5%, * p < 10%.

The results of the Probit regression in the first step are not marginal effects; however, the negative coefficients on the age and marital status variables indicate that, all else constant, the probability of labor force participation is significantly lower among older females and married females. A female's spouse's earnings, as well as the unemployment rate per each female's level of educational attainment, also significantly decrease the probability that she is in the labor force. Moreover, the results indicate that a female's probability of labor force participation decreases with the number of children she has; however, this effect is not significant. Interestingly, the presence of a child of age four or younger in the woman's household significantly increases the probability that she is in the labor force. The correction variable, λ_i, is also significant, which corroborates the importance of accounting for sample selection in the wage estimation.

Since the second step of the procedure entails an Ordinary Least Squares regression, the coefficients are interpreted as marginal effects. The results indicate that, all else constant, a female with less than a high school education has a weekly wage that is, on average, $98.61 lower than that of a female with at most a high school diploma. With regard to higher levels of educational attainment, the results indicate that relative to a female with at most a high school diploma, a female with some college education and a female with a four-year college degree or higher have weekly wages that are, on average, $56.55 and $194.09 higher, respectively. Additionally, the coefficient for work experience indicates that each additional year of experience increases a female's weekly wage by an average of $6.52. The significant negative coefficient for work experience squared, however, implies that the effect of work experience on weekly wages has diminishing marginal returns.

I used the results of Heckman's procedure to predict the weekly wage rate of each female in my sample. To estimate each female's annual earnings potential, I multiplied her predicted weekly wage rate by 52. Since my second model estimates the effect of a wife's earnings potential on her risk of divorce, I restricted the sample to females who were married. Following Schoen et al. (2002), I also restricted the sample to females who were under the age of 50 at Wave 1 and of white or African American ethnicity. The average earnings potential among these women is $13,600, with a median of $12,367 and a standard deviation of $5,051.

Results of the logit regression in Equation 5 are presented in Table 7. As my data is cross-sectional, I used robust standard errors to correct for possible heteroskedasticity. I estimated the models without robust standard errors as well and obtained similar results; these results are included in Appendix 1. Additionally, I dropped regressors with p-values greater than 0.5, so long as there was no theoretical reason to retain them in the estimation. Some regressors were also dropped from the estimation because they were perfect predictors of the outcome variable or because they were perfectly collinear. A multicollinearity correlation table is included in Appendix 2.

Table 7. Results of Logit Regression

Dependent Variable = Div_i

Variable	**Model 1**	**Model 2**	**Model 3**	**Model 4**	**Model 5**
$Rearnings\_hat_i$	0.0001* (0.00)	--	--	0.0002*** (0.00)	--
$Rearnings\_hat2_i$	--	3.45×10^{-6} (0.00)	--	--	--
$Rearnings\_hat3_i$	--	--	-8.07×10^{-6} (0.00)	--	--
$Rearnings\_hat4_i$	--	--	--	--	9.48×10^{-6} (0.00)
$SPunemp_i$	0.657** (0.30)	0.602** (0.31)	0.581* (0.30)	0.859*** (0.32)	0.866*** (0.33)
$SPunempmiss_i$	--	--	--	--	--
$Rmartrouble_i$	0.438** (0.22)	0.315 (0.24)	0.237 (0.24)	0.232 (0.31)	--
$SPmartrouble_i$	--	0.177 (0.25)	0.249 (0.25)	0.314 (0.27)	0.505* (0.26)
$Rmarunhappy_i$	1.092*** (0.40)	1.057** (0.43)	1.120*** (0.42)	0.692 (0.52)	0.699 (0.50)
$Rmarhappymiss_i$	0.405 (0.54)	--	--	--	--

SPmarunhappy$_i$	0.553 (0.86)	--	--	0.784 (0.86)	0.759 (0.82)
Ragemar$_i$	-0.086*** (0.03)	-0.0722** (0.03)	-0.076** (0.03)	-0.075** (0.03)	-0.081** (0.04)
Marlength$_i$	-0.006*** (0.00)	-0.005*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.005** (0.00)
SPlths$_i$	--	-0.603 (0.38)	-0.787** (0.38)	0.827 (0.59)	0.789 (0.63)
SPsomecollege$_i$	-0.749 (0.53)	-0.365 (0.56)	--	-0.689 (0.64)	-0.709 (0.64)
SPcollege$_i$	-0.967** (0.40)	-0.354 (0.40)	--	-1.982*** (0.66)	-1.865*** (0.68)
Rlths$_i$	--	--	--	--	-0.875 (0.57)
Rsomecollege$_i$	--	--	--	1.000* (0.53)	1.362** (0.69)
Rcollege$_i$	-0.516 (0.61)	--	--	--	1.426* (0.73)
Redmiss$_i$	-0.658** (0.28)	-0.654** (0.28)	-0.509** (0.23)	-0.714** (0.34)	-0.734** (0.34)
Rmoreed$_i$	-0.757* (0.39)	-0.250 (0.37)	--	-1.854*** (0.67)	-1.903** (0.74)
SPmoreed$_i$	--	-0.509 (0.34)	-0.724** (0.30)	--	--
Rel1$_i$	--	--	--	0.271 (0.35)	0.352 (0.34)
Rel5$_i$	1.259 (1.03)	1.192 (1.06)	1.286 (1.05)	--	--
Rel6$_i$	1.811*** (0.55)	1.920*** (0.54)	1.668*** (0.59)	1.781*** (0.65)	1.854** (0.72)
Rblack$_i$	-1.098 (0.93)	-0.901 (0.89)	-0.900 (0.91)	--	--
SPblack$_i$	1.086 (0.96)	0.842 (0.91)	0.878 (0.91)	-0.507 (0.49)	-0.471 (0.47)
SPother$_i$	0.954** (0.46)	0.857* (0.46)	0.776 (0.50)	1.289*** (0.48)	1.132** (0.51)
Numchild$_i$	-0.060 (0.08)	-0.067 (0.08)	-0.074 (0.08)	-0.112 (0.11)	-0.156 (0.11)
Priormarchild$_i$	0.538 (0.46)	0.615 (0.46)	0.585 (0.46)	--	0.457 (0.55)
Priormarnochild$_i$	0.348 (0.31)	0.390 (0.29)	0.437 (0.29)	--	0.494 (0.39)
Cohab$_i$	--	1.661*** (0.53)	0.651 (0.73)	--	0.634 (0.87)
Cohabmiss$_i$	-1.345*** (0.47)	--	-1.123* (0.65)	-1.928*** (0.51)	-1.556** (0.78)
Rpar$_i$	-0.179 (0.26)	-0.248 (0.25)	-0.189 (0.25)	-0.242 (0.29)	--
SPpar$_i$	0.363 (0.32)	0.334 (0.30)	0.277 (0.30)	0.445 (0.39)	0.392 (0.39)
SPparmiss$_i$	1.157** (0.45)	1.17*** (0.43)	1.228*** (0.44)	1.169** (0.52)	1.174** (0.50)

Drugalc$_i$	0.819** (0.39)	0.841** (0.38)	0.828** (0.38)	0.688 (0.44)	0.750* (0.43)
Rmarcommit$_i$	0.111*** (0.04)	0.123*** (0.04)	0.127*** (0.04)	0.192*** (0.05)	0.198*** (0.04)
SPearnings$_i$	3.01×10^{-6}* (0.00)	2.51×10^{-6} (0.00)	2.22×10^{-6} (0.00)	3.13×10^{-6} (0.00)	3.20×10^{-6} (0.00)
d1$_i$	-2.175*** (0.54)	-2.199*** (0.54)	-2.258*** (0.54)	-2.104*** (0.71)	-2.15*** (0.70)
d2$_i$	-1.695*** (0.51)	-1.719*** (0.51)	-1.768*** (0.51)	-1.577** (0.68)	-1.62** (0.68)
d3$_i$	-1.202** (0.47)	-1.226*** (0.47)	-1.274*** (0.48)	-0.886 (0.63)	-0.926 (0.63)
d4$_i$	-1.551*** (0.50)	-1.429*** (0.48)	-1.547*** (0.49)	-1.279* (0.66)	-1.222* (0.65)
d5$_i$	-1.159** (0.48)	-1.176** (0.48)	-1.293*** (0.48)	-1.004 (0.64)	-1.136* (0.65)
d6$_i$	-0.487 (0.47)	-0.459 (0.46)	-0.553 (0.46)	-0.151 (0.63)	-0.196 (0.63)
Constant	-4.429*** (1.19)	-4.947*** (0.88)	-3.739*** (1.16)	-5.894*** (1.27)	-4.534*** (1.40)
N	87,215	88,626	86,621	66,712	65,838
Pseudo R^2	0.0881	0.0884	0.0862	0.1173	0.1160
$\chi 2$	159.33***	162.78***	144.08***	195.80***	222.79***

Logit regression with robust standard errors in parentheses. Binary dependent variable equal to 1 if female *i* has divorced by Wave 2 and 0 otherwise. *** p < 1%, ** p < 5%, * p < 10%.

As in the Probit regression, the estimated coefficients from the logit regression are not marginal effects. However, the sign of the coefficient indicates whether the regressor increases or decreases the risk of divorce. In Models 1 and 4, the earnings potential variables are found to significantly increase the risk of divorce, but the earnings potential variables are insignificant in Models 2, 3, and 5. Since the earnings potential variables in Models 1 and 4 are comprised only of estimated earnings, whereas the variables in the remaining models incorporate working women's actual earnings, these findings reinforce Pollak's (2005) theory that a woman gauges her well-being following a divorce by her potential earnings, rather than her actual earnings.

The argument could be made that full-time working wives are already working at their maximum potential, and thus their actual current earnings are representative of their well-being following divorce. However, the insignificant effect of actual earnings may reflect the increasing prevalence of dual-earner households. Moreover, this finding may suggest that working wives—particularly those with children—work less demanding jobs in order to balance their household responsibilities and thus are currently earning below their maximum potential.

With respect to measures of marital quality, my findings are mostly consistent with those of Sayer and Bianchi (2000). I find that a wife who describes her marriage as unhappy and a wife who is less committed to her marriage is significantly more likely to divorce, while the effects of her husband's happiness and commitment are generally insignificant. I also find substance abuse to significantly increase the risk of divorce in all of the models, with the exception of Model 4. Unlike Sayer and Bianchi, however, I find violence within the marriage to be highly insignificant in every model.

In terms of non-subjective characteristics of the marriage, I find the wife's age at marriage and the duration of her marriage to be significantly correlated with a decreased risk of divorce, which is consistent with previous research. However, I do not find the number of children or the presence of a young child to significantly affect the risk of divorce; this differs from the findings of Becker, Landes, and Michael (1977) but is consistent with the findings of Sayer and Bianchi (2000). Additionally, I do not find the order of the marriage or children from a previous marriage to significantly affect the risk of divorce, which is inconsistent with the findings of Schoen et al. (2002) but consistent with the findings of Sayer and Bianchi. Further, I find the effects of pre-marital cohabitation to be mixed across the models. I do, however, find the dummy variable for missing cohabitation data to be significant and negative in every model except Model 2, whereas Schoen et al. find this variable to be significant and positive. Unfortunately, little can be ascertained from the significance of missing data, and the prevalence of missing data in this sample is likely to occlude analyses to some extent.

Compared to previous research, my estimations of the effects of the wife's and spouse's background and demographic characteristics on their risk of divorce are somewhat mixed. This is to be expected, as the reasons behind the decision to divorce are likely to vary widely among couples. I do not find the effect of the wife or her spouse growing up in an intact family to be significant in any of the models; although Sayer and Bianchi (2000) do not find the husband's childhood family structure to significantly affect the risk of divorce, they find that wives from disrupted homes are significantly more likely to divorce, as do Schoen et al. (2002) and many other studies (cf. White 1990). Additionally, I find the effects of education on the risk of divorce to differ among the models and, in many cases, to be insignificant. While this differs from Isen and Stevenson's (2010) findings, Sayer and Bianchi, Schoen et al., and Becker, Landes, and Michael (1977) also fail to find a uniform pattern in the impact of education on divorce. Again, this could be a result of the extensity of missing data in this analysis, especially considering that the variable indicating that data pertaining to the wife's educational attainment is missing is significant in every model.

Further, the only variable pertaining to religion that I find to be significant is that indicating one partner's religion is "other" and the other partner's religious preference is missing from the dataset. Like Schoen et al. (2002), I find this to significantly increase the risk of divorce; however, Schoen et al. also find two of the other variables pertaining to religion to significantly affect the risk of divorce. Unlike Schoen et al., I do not find the wife's relationship with her father to significantly affect her risk of divorce in any of the models. I also do not find the husband or wife being black to significantly affect the risk of divorce, which is inconsistent with most research in the 1980s (cf. White 1990) but is consistent with the findings of Schoen et al. and Sayer and Bianchi (2000). I do find the spouse being a race other than white or black to significantly increase the risk of divorce in four of the models; however, research on divorce rates among individuals of ethnicities other than white or black is scarce.

Finally, with respect to the husband's characteristics, I generally do not find the husband's earnings to significantly affect the risk of divorce. This is inconsistent with much previous research, aside from Schoen et al. (2002), but could reflect a decreasing importance in the husband's earnings due to the increasing labor force participation of wives. However, I do find that the husband's unemployment significantly increases the risk of divorce in every model, which is consistent with previous research.

V. Implications

While the results of this analysis imply that a wife's earnings potential, rather than her actual earnings, significantly increases her risk of divorce, this finding should not be taken to mean that an increase in women's economic potential inherently destabilizes marriages. In accordance with the economic opportunity hypothesis, it could likely be the case that high earnings potentials afford women the ability to leave unhappy marriages. This relationship could also arise from the fact that a woman anticipating divorce decreases her reservation wage and increases her work effort—thereby increasing her earnings potential, as work experience is positively and significantly correlated with earnings— as Johnson and Skinner (1986) found.

As Peters (1993) found empirically and Pollak (2005) espoused theoretically, a woman's perception of her financial well-being plays a significant role in her decision to divorce. Since many married women do not work and do not have earnings of their own, however, they can only gauge their well-being by what they *could* earn by entering the labor force. Similarly, wives who work part-time may gauge their well-being by what they could earn by moving to full-time work. While this analysis is, in many respects, only a starting point for future analyses of the relationship between a wife's current earnings potential and her risk of divorce, it implies at the very least that a woman's earnings potential is a significant determinant of her ability to divorce, and it may make the difference between her remaining in or opting out of an unhappy marriage.

VI. Suggestions for Future Research

Future analyses of the effect of wives' earnings potential on their risk of divorce should consider using a dataset that follows respondents annually or biennially, if possible. While the NSFH provides an extensive amount of data per respondent, the time between interviews was approximately five years. Thus, I had to assume that all of the variables in my model remained constant between the Wave 1 and Wave 2 interviews, although it is likely that some of them changed.

Another suggestion for future research is to reconsider the methodology for estimating earnings potential. Although Heckman's (1979) procedure for handling sample selection is dominant among researchers, some have cast skepticism on its normality assumption (Greene 2003). Future research may thus consider other methods of correcting for sample selection that do not impose this assumption. The earnings estimation would also benefit from a larger sample size, as I only had 1,469 females in my sample for this estimation. Further, future research may consider using an out-of-sample estimation of earnings potential rather than using the same dataset for both estimation and evaluation.

Lastly, examinations of the interaction between subjective measures of marital quality and earnings potential would be valuable additions to future analyses. The results of such analyses could lend further credence to current hypotheses regarding the impact of wives' earnings potential on their marital stability. Moreover, analyses of the relationship between a wife's earnings potential and her marital happiness could offer further insight regarding hypotheses that women with higher earnings potential are more selective in the marital search.

VII. Conclusion

The purpose of this analysis was to examine the effect of a wife's earnings potential on her risk of divorce. Given the concurrent rise in female labor force participation and the divorce rate in the United States over the last century, much research has attempted to identify a causal link between these trends. Following Pollak's (2005) theory of bargaining power within marriages, I hypothesized that a wife's earnings potential, rather than her actual earnings, is significantly and positively correlated with her risk of divorce. The results of this analysis support my hypothesis and corroborate Peters' (1993) finding that a woman's perceived financial well-being is a significant determinant of her decision to divorce. These results may also lend support to the economic opportunity hypothesis, which states that a wife's economic independence affords her the ability to leave an unhappy marriage without destabilizing the marital institution in general.

While this analysis offers some preliminary insights regarding the impact of a wife's current earnings potential on her risk of divorce, the limitations of the NSFH data combined with the lack of empirical analyses pertaining to this specific topic certainly warrant further investigation. However, the significant effects of the measures of marital quality on the risk of divorce in my analysis underscore the importance of using a dataset that includes such measures. For now, the results of this analysis favor Pollak's (2005) argument that wives considering divorce gauge their financial well-being not by what they do earn but by what they could earn, and they make their decisions accordingly.

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Appendix 1: Logit regression without robust standard errors

Logit Regression (Equation 5), Dependent Variable = Div_i

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
$Rearnings\_hat_i$	0.0001* (0.00)	--	--	0.0002*** (0.00)	--
$Rearnings\_hat2_i$	--	3.45×10^{-6} (0.00)	--	--	--
$Rearnings\_hat3_i$	--	--	-8.07×10^{-6} (0.00)	--	--
$Rearnings\_hat4_i$	--	--	--	--	9.48×10^{-6} (0.00)
$SPunemp_i$	0.657** (0.29)	0.602** (0.30)	0.581* (0.30)	0.859*** (0.32)	0.866*** (0.32)
$Rmartrouble_i$	0.438* (0.23)	0.315 (0.24)	0.237 (0.25)	0.232 (0.29)	--
$SPmartrouble_i$	--	0.177 (0.24)	0.249 (0.24)	0.314 (0.28)	0.505** (0.26)
$Rmarunhappy_i$	1.092*** (0.40)	1.057*** (0.40)	1.120*** (0.40)	0.692 (0.48)	0.699 (0.48)
$Rmarhappymiss_i$	0.405 (0.54)	--	--	--	--
$SPmarunhappy_i$	0.553 (0.79)	--	--	0.784 (0.82)	0.759 (0.81)
$Ragemar_i$	-0.086*** (0.03)	-0.0722*** (0.03)	-0.076*** (0.03)	-0.075** (0.03)	-0.081** (0.03)
$Marlength_i$	-0.006*** (0.00)	-0.005*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.005** (0.00)
$SPlths_i$	--	-0.603 (0.40)	-0.787** (0.38)	0.827 (0.57)	0.789 (0.61)
$SPsomecollege_i$	-0.749 (0.47)	-0.365 (0.52)	--	-0.689 (0.53)	-0.709 (0.53)
$SPcollege_i$	-0.967** (0.39)	-0.354 (0.35)	--	-1.982*** (0.57)	-1.865*** (0.61)
$Rlths_i$	--	--	--	--	-0.875 (0.57)
$Rsomecollege_i$	--	--	--	1.000** (0.49)	1.362** (0.63)
$Rcollege_i$	-0.516 (0.56)	--	--	--	1.426** (0.66)
$Redmiss_i$	-0.658** (0.27)	-0.654** (0.27)	-0.509** (0.23)	-0.714** (0.32)	-0.734** (0.32)
$Rmoreed_i$	-0.757** (0.36)	-0.250 (0.33)	--	-1.854*** (0.58)	-1.903** (0.63)
$SPmoreed_i$	--	-0.509 (0.34)	-0.724** (0.31)	--	--
$Rel1_i$	--	--	--	0.271 (0.36)	0.352 (0.35)
$Rel5_i$	1.259 (1.08)	1.192 (1.09)	1.286 (1.08)	--	--
$Rel6_i$	1.811*** (0.55)	1.920*** (0.57)	1.668*** (0.64)	1.781*** (0.68)	1.854** (0.77)
$Rblack_i$	-1.098 (1.00)	-0.901 (0.98)	-0.900 (0.99)	--	--

$SPblack_i$	1.086	0.842	0.878	-0.507	-0.471
	(0.96)	(0.94)	(0.95)	(0.47)	(0.47)
$SPother_i$	0.954**	0.857*	0.776	1.289***	1.132**
	(0.44)	(0.45)	(0.48)	(0.46)	(0.49)
$Numchild_i$	-0.060	-0.067	-0.074	-0.112	-0.156
	(0.08)	(0.08)	(0.08)	(0.10)	(0.11)
$Priormarchild_i$	0.538	0.615	0.585	--	0.457
	(0.41)	(0.39)	(0.40)		(0.49)
$Priormarnochild_i$	0.348	0.390	0.437	--	0.494
	(0.31)	(0.30)	(0.30)		(0.36)
$Cohab_i$	--	1.661***	0.651	--	0.634
		(0.52)	(0.75)		(0.89)
$Cohabmiss_i$	-1.345***	--	-1.123*	-1.928***	-1.556*
	(0.47)		(0.65)	(0.51)	(0.80)
$Rpar_i$	-0.179	-0.248	-0.189	-0.242	--
	(0.23)	(0.23)	(0.23)	(0.26)	
$SPpar_i$	0.363	0.334	0.277	0.445	0.392
	(0.28)	(0.27)	(0.28)	(0.33)	(0.33)
$SPparmiss_i$	1.157**	1.17***	1.228***	1.169**	1.174**
	(0.44)	(0.42)	(0.43)	(0.50)	(0.48)
$Drugalc_i$	0.819**	0.841**	0.828**	0.688*	0.750*
	(0.36)	(0.37)	(0.37)	(0.40)	(0.40)
$Rmarcommit_i$	0.111***	0.123***	0.127***	0.192***	0.198***
	(0.03)	(0.03)	(0.03)	(0.04)	(0.04)
$SPearnings_i$	3.01×10^{-6}**	2.51×10^{-6}	2.22×10^{-6}	3.13×10^{-6}*	3.20×10^{-6}**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
$d1_i$	-2.175***	-2.199***	-2.258***	-2.104***	-2.15***
	(0.55)	(0.55)	(0.55)	(0.72)	(0.72)
$d2_i$	-1.695***	-1.719***	-1.768***	-1.577**	-1.62**
	(0.51)	(0.51)	(0.51)	(0.67)	(0.67)
$d3_i$	-1.202**	-1.226**	-1.274***	-0.886	-0.926
	(0.47)	(0.47)	(0.47)	(0.63)	(0.63)
$d4_i$	-1.551***	-1.429***	-1.547***	-1.279*	-1.222*
	(0.50)	(0.49)	(0.49)	(0.66)	(0.65)
$d5_i$	-1.159**	-1.176**	-1.293***	-1.004	-1.136*
	(0.48)	(0.48)	(0.48)	(0.65)	(0.65)
$d6_i$	-0.487	-0.459	-0.553	-0.151	-0.196
	(0.46)	(0.46)	(0.46)	(0.63)	(0.63)
Constant	-4.429***	-4.947***	-3.739***	-5.894***	-4.534***
	(1.16)	(0.88)	(1.19)	(1.33)	(1.44)
N	87,215	88,626	86,621	66,712	65,838
Pseudo R^2	0.0881	0.0884	0.0862	0.1173	0.1160
χ^2	135.77***	140.07***	132.69***	141.85***	139.99***

Logit regression with standard errors in parentheses. Binary dependent variable equal to 1 if female *i* has divorced by Wave 2 and 0 otherwise. *** p < 1%, ** p < 5%, * p < 10%.

Appendix 2: Multicollinearity Correlation Table

	VIF				
Variable	**Model 1**	**Model 2**	**Model 3**	**Model 4**	**Model 5**
$Rearnings\_hat_i$	6.04	--	--	3.42	--
$Rearnings\_hat2_i$	--	1.33	--	--	--
$Rearnings\_hat3_i$	--	--	1.15	--	--
$Rearnings\_hat4_i$	--	--	--	--	1.49
$SPunemp_i$	1.07	1.09	1.08	1.06	1.07
$Rmartrouble_i$	1.17	1.38	1.37	1.41	--
$SPmartrouble_i$	--	1.28	1.28	1.30	1.11
$Rmarunhappy_i$	1.04	1.05	1.04	1.06	1.06
$Rmarhappymiss_i$	1.03	--	--	--	--
$SPmarunhappy_i$	1.04	--	--	1.07	1.08
$Ragemar_i$	2.05	1.89	1.83	1.82	2.01
$Marlength_i$	1.69	1.64	1.61	1.71	1.66
$SPlths_i$	--	1.55	1.20	1.75	1.83
$SPsomecollege_i$	1.09	1.44	--	1.10	1.10
$SPcollege_i$	2.04	2.32	--	2.34	2.50
$Rlths_i$	--	--	--	--	1.37
$Rsomecollege_i$	--	--	--	1.31	1.80
$Rcollege_i$	4.94	--	--	--	3.90
$Redmiss_i$	1.96	1.82	1.24	2.15	2.34
$Rmoreed_i$	1.49	1.69	--	2.61	2.78
$SPmoreed_i$	--	1.70	1.11	--	--
$Rel1_i$	--	--	--	1.04	1.04
$Rel5_i$	1.03	1.03	1.03	--	--
$Rel6_i$	1.03	1.04	1.04	1.04	1.04
$Rblack_i$	7.91	7.62	7.55	--	--
$SPblack_i$	7.79	7.52	7.47	1.14	1.12
$SPother_i$	1.04	1.04	1.03	1.05	1.04
$Numchild_i$	1.50	1.50	1.46	1.34	1.59
$Priormarchild_i$	1.67	1.64	1.61	--	1.74
$Priormarnochild_i$	1.29	1.27	1.26	--	1.33
$Cohab_i$	--	1.11	2.27	--	2.69
$Cohabmiss_i$	1.19	--	2.42	1.15	2.62
$Rpar_i$	1.12	1.12	1.11	1.11	--
$SPpar_i$	1.20	1.20	1.19	1.22	1.23
$SPparmiss_i$	1.17	1.17	1.17	1.18	1.20
$Drugalc_i$	1.07	1.08	1.08	1.09	1.08
$Rmarcommit_i$	1.24	1.23	1.23	1.23	1.18
$SPearnings_i$	1.12	1.13	1.09	1.10	1.10
$d1_i$	-2.24×10^{13}	-2.38×10^{11}	4.89×10^{11}	-5.02×10^{11}	-1.94×10^{12}
$d2_i$	-2.21×10^{13}	-2.35×10^{11}	4.84×10^{11}	-4.96×10^{11}	-1.92×10^{12}
$d3_i$	-2.19×10^{13}	-2.33×10^{11}	4.79×10^{11}	-4.90×10^{11}	-1.90×10^{12}
$d4_i$	-2.17×10^{13}	-2.31×10^{11}	4.74×10^{11}	-4.86×10^{11}	-1.88×10^{12}
$d5_i$	-2.13×10^{13}	-2.26×10^{11}	4.66×10^{11}	-4.77×10^{11}	-1.84×10^{12}
$d6_i$	-1.50×10^{13}	-1.59×10^{11}	3.27×10^{11}	-3.29×10^{11}	-1.27×10^{12}