



Do children of the first marriage deter divorce?☆



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ABSTRACT

In terms of economics, individuals divorce if their expected gains from marriage fall short of their expected utility outside the current marriage, and children represent a marriage-specific type of investment, which generally increases the value of marriage for the spouses. However, children may also disrupt marital stability as they will induce dramatic changes into the household allocation of money and time. In particular, children conceived before or after first marriage may be valued differently by the spouses and this may lead to marital conflicts. It is difficult to assign a priori the direction of the effect of children on marriage stability, and causality may run either way, as couples who anticipate a separation are more likely to have fewer children than those who are happy together, while children born before first marriage may be associated with a lower marriage attachment of their parents. Here, we follow an empirical approach and take advantage of the richness of the data on pre-marital history from the 24 waves of the National Longitudinal Survey of Youth79, to estimate the effect of children conceived before or after first marriage on marital stability. We find a significant deterrent effect of young children conceived during first marriage to the likelihood of divorce, while children conceived before first marriage are found to have a disruptive effect on marital stability.

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1. Introduction

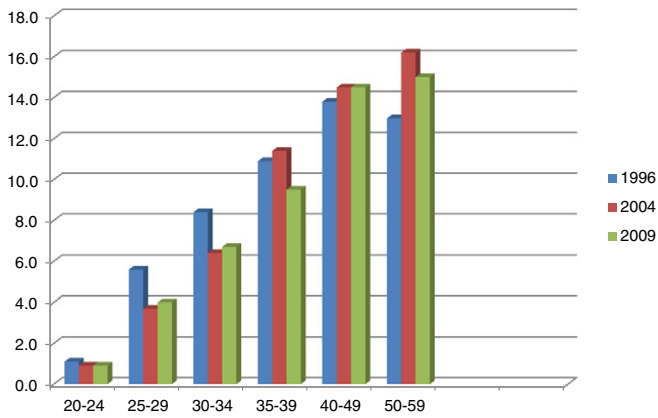
In spite of the trend towards falling divorce rates in the U.S (see Fig. 1), currently about one of every five white Americans has gone through a divorce. Among the determinants of divorce, the presence of children has attracted considerable attention in the economic literature (Stevenson and Wolfers, 2006, 2007; Svarer and Verner, 2008; Vuri, 2001; Waite and Lillard, 1993). According to the mainstream economic models, an individual decides to marry if the expected gains

(emotional, monetary, and other) from marriage exceed the gains of remaining single. Children are generally thought of as making marriage more valuable to the spouses, as they represent a long-term commitment (that can be seen also as a form of long-term investment in the marriage relationship) which may reinforce marriage stability. On the other hand, children may bring about marital conflict by affecting dramatically the household allocation of time and money and contributing a degree of uncertainty, as children's preferences and behavior are not known to parents ex-ante. Children can be seen as a 'public' household good that both spouses enjoy, but they may also be seen as competitors for scarce time and money resources (Del Bono et al., 2012) and in this respect could be a hindrance to marital stability. Children conceived outside marriage may have different preferences and behaviors than those conceived after the couple married, as for example, they may have experienced some hardship at an early stage of their life, or they may be hostile to the (step)parent, if they come from an earlier relationship. In particular, children conceived before first marriage may also be valued differently by the spouses and this may bring about marital conflict. The aim of our study is to provide new empirical evidence of these relationships by exploiting the richness of information collected by the NLSY79.

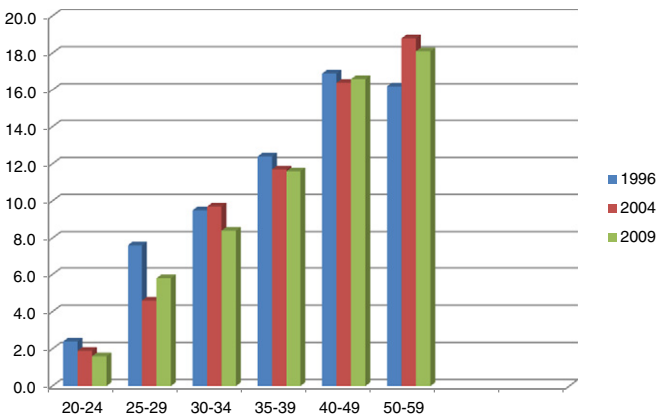
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Note: Male divorce rates by age: white population, Survey of Income and Program Participation.



Note: Female divorce rates by age: white population, Survey of Income and Program Participation.

Fig. 1. USA divorce rates by age. Note: Male divorce rates by age: white population, survey of income and program participation. Note: Female divorce rates by age: white population, survey of income and program participation.

The relationship between children and marriage stability is crucial, as most policy makers in OECD countries aim to increase population fertility rates, to counter population aging.¹ However, if the presence of children is viewed as an obstacle to marriage stability, the costs for society may be high, as the costs of divorce for divorcees and for their children have been widely documented (Amato, 2004; Smock, 1993, 1994).

Let us stress that the spouses' 'value' of marriage is not exogenous to the decision to have children. Happier couples are more likely to have children, and the timing of children, before or after marriage, may also depend on spousal attitudes to marriage and cohabitation, which may in turn affect their propensity to separate. Thus, we adopt an instrumental variable and panel data approach to study the relationship between children conceived before and after the first marriage, and the risk of marital disruption. We exploit the extensive information on the pre- and post-marital history of a sample of American youth collected by the National Longitudinal Survey of Youth 1979 (NLSY79), of which

¹ See, for instance, Bielecki et al. (2016) for an analysis of the role of pension reforms under different scenarios of decreasing fertility and increasing longevity. Alders (2005) studies the effects of exogenous fertility shocks on human capital accumulation and the rate of obsolescence of older workers. Fanti and Spataro (2013) investigate the relationship between public debt and fertility. Lau (2014) analyzes the economic consequences of fertility and mortality changes by incorporating realistic demographic features into a continuous-time overlapping-generations model, with childhood, adulthood and retirement stages.

twenty-four waves are currently available.² Since we can observe the same individual (the same couple) many times, we can control for individual unobserved heterogeneity in our model. Because the number of children conceived before or after first marriage may not be independent of individual propensity to divorce, we take an instrumental variable approach. We instrument the number of children conceived during first marriage with the number of siblings of the respondent (as we expect that individuals who grow up in larger families may be more likely to have more children; Booth and Kee, 2006) and, alternatively, with multiple births, that represent a somewhat exogenous increase in family size (Rosenzweig and Wolpin, 1980). We find that children conceived during first marriage dramatically reduce the risk of marital dissolution. The chances of divorce decline with each additional child by 0.19 on average, which is a sizable effect.³ Moreover, we find that the presence of children conceived before first marriage, instrumented with the age at first intercourse, has a positive effect on divorce, though smaller in size (about half) than the protective effect of children conceived within marriage.

The remainder of this paper is structured as follows. Section 2 presents the background theory, and Section 3, the empirical strategy. In Section 4, we describe the data and the sample selection. The results of estimations are presented in Section 5, and conclusions are drawn in Section 6.

2. The theoretical set-up

The economic model of marriage predicts that individuals marry if the expected value of being married exceeds that of remaining single and there is a marriage surplus that spouses will share and benefit from. Marriage separation will occur when, due to (unexpected) shocks, the value of being married drops below that of separation for either one or both spouses (depending on whether unilateral divorce is available, and more generally, on the divorce laws). Economic models of marriage and divorce focus on the 'value' of marriage. Individuals marry because there are gains from marriage. Such gains may be emotional, like love and affection, as well as economic, such as sharing economic and time resources together (Grossbard-Shechtman, 1993, 2003).

Formally, to model the individual decision to separate, we must model the individual value function of being married to the current spouse (V_m), and of separating from them (V_s), which depend on the utility of consumption and on an uncertainty term (which may also capture random shocks or tastes) under the two states of marriage and separation, while being subject to budget and time constraints. Thus, we first express:

$$V_{mj}(C_{mj}, C_m, H_m, u_m) \text{ with } j = h, w \text{ denoting the two spouses} \quad (1)$$

considering that $H_m = f(z, t_{j\text{unpaid}})$ denotes the output of household production, $t_{j\text{paid}} + t_{j\text{unpaid}} + t_{j\text{leisure}} = T$ indicates each spouse's time constraint, and $t_{h\text{paid}} * W_h + t_{w\text{paid}} * W_w + Yn_lh + Yn_lw = C_{mh} + C_{mw} + pz + C_m$, is the household budget constraint. Similarly, we express:

$$V_{sj}(C_{sj}, C_s, H_s, u_s) \quad (2)$$

with $H_s = f(z, t_{j\text{unpaid}})$, $t_{j\text{paid}} + t_{j\text{unpaid}} + t_{j\text{leisure}} = T$, and $t_{j\text{paid}} * W_j + Yn_lj = C_{sj} + C_s$.

The subscript m denotes the state of being married and s that of separation, and C_j represents private consumption, respectively in each of the two states m and s for each spouse j ; C denotes public

² Rotz (2011) uses similar data to investigate the determinants of declining divorce rates in the US.

³ The divorce rate is about 0.37 in our dataset, where more than one of every three marriages ends in divorce. A similar divorce rate for first marriages, equal to 34%, is recorded by Waite and Lillard (1993) for the PSID sample.

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