

Dissertation Defense

Three Essays in Household Economics

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The first essay examines the factors influencing exits from and returns to a young adult's parental home. Using three cohorts from the National Longitudinal Surveys of Youth, I investigate generational differences, incorporating local economic characteristics to contextualize the coresidence decision. Additionally, I use matched mother-child data to determine how locational economic differences may impact the coresidence decision. Finally, I investigate each cohort's experience during the recent housing crisis and economic downturn. I find that the relationship between most household covariates and living independently has changed little over time; the majority of the observed increase in per-period coresidence is driven by increased coresidence at older ages, mainly in the form of delayed exits. Delayed exits are correlated with a rising age at first marriage. While local economic characteristics have little relationship to coresidence decisions, the relative difference in conditions between the parent and child's current location does play a significant role. The Great Recession additionally delayed exits from the parental home, with potential long-term implications for household formation.

The second essay uses linked sibling data from the 1979 National Longitudinal Survey of Youth (NLSY) to investigate the presence of a relationship between young adult and elderly coresidence within families. I find that children who departed late or returned to the parental home are more likely to have coresident parents later in life, such that even within a given family, parents requiring coresidence live with the child who exited later or returned. I present both linear and non-parametric models of this effect, and contextualize it with a mixed motivation behavioral model of intra-family generosity which exhibits preferences consistent with these new facts. The model suggests that an increase in public aid to emerging young adults may decrease intra-family assistance to elderly individuals due to reduced signaling capacity, an important implication amid current policy discussions.

When couples say "I do" at the altar, they pledge to a lifelong marriage, but many couples part before death. The final essay investigates the process that leads some couples to divorce, focusing on a potentially important factor: learning. Spouses learn about one another over the course of the marriage, and this information can lead to a reassessment of the marriage. A model of Bayesian learning provides several distinctive predictions, which are tested using data from the 1979 cohort of the National Longitudinal Survey of Youth (NLSY79). Specifically, individuals are assumed to learn about a spouse's "capability," which is modeled using item responses on the AFQT, a test of cognitive skills. Findings consistent with the model include (a) the divorce hazard is higher for low-capability individuals, especially a few years into marriage; (b) in terms of predicting divorce, the role of capability (which is not easily observed) increases over time relative to schooling (which is easily observed); and (c) an adverse shock to the capability assessment (in the form of a job layoff or firing) has a greater impact on divorce for high-capability individuals. These findings provide insight into the inequality in marriage stability observed in the U.S. across income, education, and cognitive ability.