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Abstract

Essays on the Economics of the Life Course

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This dissertation explores a diverse set of topics in family economics, ranging from early contraception behavior and marriage to intra-household allocation problems after divorce.

The first chapter analyzes the methodological problems which occur when trying to evaluate long term effects of early life cycle events. This usually requires the researcher to take into account individual's aging, time variation and (sometimes) birth cohort effects. I show that arbitrary restrictions imposed to achieve identification of age, period and cohort effects may not only produce nonsensical estimates of these variables, but they also affect other parameters of interest, in this case, the estimated effect of the Pill. I provide some general recommendations on how to minimize the potential biases when one faces similar identification problems.

In the second chapter I look at a sample of divorced fathers who formed new partnerships. I use their child support payment information to test the so-called "Income pooling" hypothesis, which is implied by the Unitary Household Decision model. I jointly model the father's decision to comply with child support court orders and father's voluntary payment amount. My estimates indicate that a higher share of the father's income in total household income increases child support payments. This finding rejects income pooling and is consistent with Family Bargaining models. However, the differential effect of the father's income declines when controlling for individual heterogeneity in Random Effects regression, and it completely disappears in Fixed Effects Specification. Alternative explanations are

suggested.

The third chapter explores the impact of intelligence (cognitive ability) and personality traits on individual marital outcomes. I find considerable effects of both cognitive ability and personality traits on marriage and divorce outcomes, and they remain significant even after controlling for a an extensive set of family background and individual characteristics. Findings from marriage hazard regressions suggest that not only do personal abilities make individuals more attractive marriage partners, they also affect the timing of marriages. Divorce analysis results are consistent with the view that these skills contain useful information about spousal quality and possibly help couples deal with marital shocks.