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Chapter Title: Discussion of "Marriage and Divorce since World War II: Analyzing the Role of Technological Progress on the Formation of Households"

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Discussion

Jeremy Greenwood began with a response to the discussants. Stefania Albanesi had suggested in her comment that the change in female labor force participation may have been due to the gender gap. Greenwood pointed out that between 1820 and 1900 the gender gap narrowed at the same time that women's participation in the labor force declined. He concluded that the gender gap alone cannot explain the fluctuations in female labor force participation since there was this period of the narrowing of gender gaps at a time when it was still not feasible for women to go to work because of technology. He then responded to the general controversy over defining household hours as all nonmarket hours and thus ignoring the concept of leisure. He mentioned both sides of the debate and admitted that this is an open question in the household production literature.

Robert Hall questioned the absence of utilities prices in the regressions. He thought that the budget share of water, gas, electricity, and telephone must be 10–20 times the budget share of the service value of appliances. He suggested that it would have made more sense to calibrate the regressions with the price of utilities rather than just the price of appliances. Greenwood agreed but had not yet done it. Valerie Ramey mentioned that many people did not even have electricity, so it probably made sense to calibrate as Greenwood initially did with just the price of appliances.

Jeffrey Campbell thought that the "no-fault" divorce laws of the 1970s might be a challenge to this model. If a cost of divorce were put in this model and the cost were reduced at some point, it would have a large effect on the divorce rate produced in the model. Instead, literature by Justin Wolfers and others suggests that the law had basically no effect on the divorce rate. Campbell wondered whether this discrepancy suggests an overall problem with this class of models. Wolfers responded

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with his interpretation that the model is right but that the "no-fault" divorce laws did not change the cost of divorce. Campbell then instead offered an alternative hypothesis. He thought that the accuracy of assessing the quality of a match would be positively correlated to the number of adults (people over the age of about 30) involved in the decision to marry. As women first moved away from home, there would have been less adult involvement. However, as the age of first marriage goes up, there would be more adult involvement. Therefore, he would expect that the accuracy of assessing the compatibility of a match to have first gotten worse as young women left home and then improved over time as the age of marriage increased.

Patrick Kehoe wondered whether Greenwood had thought of using cross-country evidence. Since technological prices might have been approximately common across countries, it seems that it would make sense to do a quick check on the model using panel data with the institutional differences as the source of identification. Greenwood questioned the existence of the data.

Kenneth Rogoff wondered what kind of data were available of whether singles are actually living as singles or cohabiting in one way or another, since the mechanism of the model is all about sharing technology. He pointed out that the younger generation appears to have a lot of cohabitation among singles. Albanesi responded that the number of adults per household actually decreased since 1900.

Finally, Robert Shimer suggested that it could be useful to look at marriage rates over the income distribution. He thought that this would be as powerful a source of identification as looking at a cross section of countries. The costs of some appliances would be trivial for upper-class families, whereas they may be a very large fraction of the income of poor families. Greenwood had not yet done this exercise but did think that his model should yield predictions of differences in assortative mating and divorce rates over income groups.