

Interactions in the Labor Market Behavior of Couples over the Life Course

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Policy Abstract

Using the matched March Current Population Surveys for 1968-2007, this study examines the extent to which husbands and wives coordinate their labor supply over different stages in the life cycle. The study focuses on three types of events where coordination of spousal labor supply would be important: job loss, birth of a child, and retirement. We examine within couple correlations in year-to-year changes in weeks and annual hours worked. We find that correlations of couples' labor supply rises substantially with age, consistent with the notion that couples' time at home are substitutes during child-bearing ages, but are complements at older ages. We also find that labor supply changes are more positively correlated with each successive birth cohort, as the labor force participation rates of married men and women have converged over time. The exception to this trend appears to be among younger couples in more recent (post Baby Boom) cohorts. For these couples, hours and weeks worked co-vary negatively upon the birth of a child, suggesting that the substitutability of labor supply at childbirth remains important.

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