Wealth, Reservation Wages, and Labor Market Transitions in the U.S.: Evidence from the Survey of Income and Program Participation[*]

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Abstract

In this paper we examine the effect of wealth on employment probability, search effort and reservation wages for American job seekers using a simultaneous equations model. Many search models predict that wealth should have a positive impact on an individual's reservation wage, a negative affect on his search intensity and thus a positive impact on his duration of unemployment. Our study uses data on subjective reservation wages, wealth and measures of search intensity, found in the 1984 Survey of Income and Program Participation to examine the empirical relationships between these variables. Our findings generally support the relationships predicted by the theory. We find that an increase in wealth increases the reservation wage for low to average levels of wealth. Unemployment insurance and other household income also tend to increase an individual's reservation wage. Wealth is negatively correlated with search intensity and search intensity is positively correlated with employment transitions. Together, these effects suggest there is positive relationship between unemployment duration and wealth.

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1 Introduction

In recent years, there has been an explosion in the number of papers examining worker search in the labor market.[1] These models predict that in equilibrium the wage that a worker accepts depends on the value of his outside option. Generally, the higher the outside option, the higher the worker's reservation wage and negotiated wage will be. For workers without another job offer, the value of the worker's outside option should depend on variables such as unemployment insurance benefits and the individual's own wealth or family wealth. According to standard theory, wealth should be positively related to an individual's observed wage for two reasons. First, higher wealth reduces relative search cost making it possible for individuals to search longer for a better match. Second, wealthier workers will receive relatively higher wages than poorer workers when they bargain with firms over their wage because of the effect their wealth has on their outside option.

Although the theory produces stark predictions about the relationship between a worker's reservation wage, his prevailing wage and his transition into employment, surprisingly little research has focused on determining the empirical relevance of these relationships. One exception is Bloemen and Stancanelli (2001). In this paper, the authors examine a Dutch panel dataset that includes information on self-reported reservation wages, wealth and demographic variables. They use a simultaneous equation model to estimate the impact of wealth on unemployed workers' reservation wages and on their probability of future employment.

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[1] See for example Mortenson and Pissarides (1999), Sargent and Ljungqvist (1998) and Lentz and Tranaes (2001).

Their findings suggest that wealth has a significant positive impact on reservation wages but that the overall impact of wealth on the employment probability is negative, although small.

Our study is closely related to Bloemen and Stancanelli (2001). However, we extend their work along three dimensions. First, we utilize a sample of American workers instead of Dutch workers. Second, we examine the impact of wealth on labor market outcomes separately for individuals who are actively seeking work and individuals who are out of the labor force but report that they may seek work in the near future. Third, we examine the effect of an individual's search intensity on his labor market outcome.

We use a sample drawn from the 1984 Survey of Income and Program Participation. This data set is selected because it has a unique mixture of information not available in the more widely used NLSY or PSID. In particular, in wave 5 of the survey, individuals who are currently looking for work or who report that they may look for work in the near future are asked a series of question about their job search. These include questions about the lowest wage the individual will accept, the methods used for searching, how many employers have been contacted, and whether the individual is searching for full or part time employment. In addition, individuals provide information about wealth, family income, and the duration of the current unemployment spell. Individuals are followed for 16 months after this information is collected. This allows us to observed any transition out of unemployment and the wage received at the new place of employment. We use this data to estimate a simultaneous equation model of reservation wages, labor market transitions and wealth. The results help us determine if there is evidence to suggest that wealth has a significant impact on

individuals' reservation wages and employment probabilities.

Similar to the findings of Bloemen and Stancanelli (2001), our results suggest that wealthier workers generally have higher reservation wages than poorer workers. A $10,000 increase in wealth increases the reservation wage by about 2%.[2]   There is a negative relationship between wealth and search intensity, with a $10,000 increase in wealth reducing the number of employers a job-seeker contacts each month by about 1.8%. Search intensity is positively correlated with the probability an individual accepts a job. Together, these effects suggest that there is a positive relationship between unemployment duration and wealth. However, there is variation in the magnitude of the effects across demographic groups. For example, we find that wealth effects are stronger for individuals who are less attached to the labor force. We find no significant differences in wealth effects for blacks and whites.

Our study is not the first to use U.S. data to examine the relationship between reservation wages and unemployment income. Feldstein and Poterba (1984) use reservation wage data from a special supplement of the Current Population Survey in May 1976 to study the relationship between the replacement rate, unemployment and reservation wages. Holzer (1986) uses reservation wage data from the 1979 and 1980 waves of the National Longitudinal Survey of Youth to examine the relationship between unemployment and reservation wages for white and black youths.[3]   Our findings on the relationship between unemployment income and reservation wages are similar to those in Feldstein and Poterba (1984). Specifically,

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[2] The elasticity of the reservation wage with respect to wealth for the average worker in our sample is similar to the values reported for Dutch workers in Bloemen and Stancanelli (2001).

[3] For a survey of the existing studies using direct evidence of reservation wages through 1990, see Kiefer and Devine (1991).

reservation wages are higher for individuals with greater unemployment income. However, in contrast to in Holzer (1986) our study does not suggest that there are large differences in the reservation wages of white and black workers after controlling for other observables.

We organize the paper as follows. Section 2 presents the theoretical framework. Section 3 presents the empirical model used in the estimation procedure. Section 4 discusses our data. Section 5 presents the results of the estimation, and Section 6 concludes.

2   The Theoretical Framework

Although the typical model of job search assumes that individuals are risk neutral and maximize income, once the assumption of risk neutrality is relaxed financial assets can affect the individual's reservation wage and his job market transitions. To motivate our interest in the relationship between wealth, reservation wages and employment transitions, we present the following simple model of unemployed job search based on the discussions in Danforth (1979) and Bloeman and Stancanelli (2001).

Individuals are assumed to maximized their lifetime utility $\Sigma_{t=0}^{\infty}\beta^{t}u(c_{t})$ subject to their period by period budget constraints where $\beta \in (0,1)$ is the discount rate , $u'(c) > 0$ and $u''(c) < 0$. When an individual is unemployed, his probability of receiving a job offer is λ_{t}. Job offers are drawn from a stochastic wage-offer distribution $F(w)$ with density function $f(w)$ and mean Ew. In this simple environment, there is no on the job search, and jobs are assumed to last forever. Unemployed individuals with a job offer in hand must decide whether to accept or reject the offer. There is no recall of past job offers and if the offer is

rejected the individual must wait one period before he can receive another job offer.

The individual's budget constraint and asset holdings depends on his employment history and his current employment status. An individual's level of assets at the beginning of time $t + 1$, A_{t+1}, evolve according to the following equation:

$$A_{t+1} = (A_t - c_t + i_t)(1 + r)$$

where r is the constant real interest rate, c_t is the amount the individual consumed in period t, and i_t is the amount of income the individual received in period t. When individuals are employed at a job during period t that pays wage w, $i_t = w$. When individuals are unemployed at date t they receive unemployment benefits, b, for the period and $i_t = b$.

An employed individual who has a job paying wage w and a beginning of period wealth A has the following lifetime utility:

$$V(w, A) = \max_c \left\{ u(c) + \beta V(w, (A - c + w)(1 + r)) \right\}.$$

An unemployed individual with beginning of period wealth A has the following expected lifetime utility

$$U(A) = \max_c \left\{ \begin{array}{c} u(c) + \beta(1 - \lambda)U((A - c + b)(1 + r)) \\ \beta\lambda \int_0^\infty \max\left[V(w, (A - c + b)(1 + r)), U((A - c + b)(1 + r)) \right] dF(w) \end{array} \right\}$$

Under these assumptions it follows that a job is accepted if $V(w, A) \geq U(A)$ and is rejected otherwise. The reservation wage, w^R, is the wage that makes individuals indifferent between accepting the job and rejecting the job offer and continuing the search process, (i.e., $V(w^R, A) \geq U(A)$). From this equation it is clear to see that the individual's reservation

wage will depend on the level of his asset holdings: $w^R = w^R(A)$. In cases where individuals are risk adverse and $-\frac{u''}{u'}$ is a decreasing function of c, Danforth (1979) demonstrated that reservation wages are increasing in the amount of financial assets held by the individual.

Finally, it can be seen that the probability of employment, θ, can be written as the probability of receiving a job offer and accepting it:

$$\theta = \lambda \left[1 - F(w^R(A)) \right]$$

3 The Empirical Model

The problem described in the previous section does not provide us with an analytic solution for the reservation wage $w^R(A)$. As a result, much of the literature has concentrated on estimating the impact of wealth on transition probabilities without considering endogeneity. In this paper we estimate a system of simultaneous equations for reservation wages, wealth and transition probabilities using a method suggested by Bloeman and Stancanelli (2001).

Jobs are characterized in terms of the wages they offer workers. We assume that the wage offer distribution is lognormal and is described by the equation:

$$\ln w_{it} = \delta' k_{it} + e_{it} \text{ where } e_{it} \sim N(0, \tau^2)$$

Here i indexes individual i in the population of unemployed job searchers, and k_{it} are the individual's characteristics at date t. The parameters of the wage-offer distribution, δ, are estimated from lognormal wage regressions for the population of the employed, correcting for selection.

The log of the reservation wage, denoted by $R = \ln(w^R)$, is assumed to be a function of the individual's characteristics and the individual's wealth level. In particular,

$$R_{it} = f(A_{it}) + \xi' X_{it} + \varepsilon_{it} \text{ where } \varepsilon_{it} \sim N(0, \sigma_\varepsilon^2)$$

where X_{it} contains the individual's characteristics, and $f(A_{it})$ is a quadratic function of wealth. This reservation wage equation may be interpreted as an approximation to the solution of a structural search model and the error term can represent measurement error, approximation error or randomness in preferences.

To allow of the possibility that wealth is correlated with the errors in the reservation wage equation, we also specify an equation for wealth:

$$A_{it} = \Omega' H_{i,t-1} + v_{i,t-1} \text{ where } v_{i,t-1} \sim N(0, \sigma_v^2)$$

where $H_{i,t-1}$ includes the individual's characteristics as of period $t-1$. The period $t-1$ values are used because A_{it} is determined in time period $t-1$.

The probability of receiving a job offer in any period is assumed to be:

$$\Pr(job\ offer) = \lambda_{it} = 1 - \exp(-\eta_{it})$$

where η_{it} is a positive parameter that depends on the individual's characteristics, Z_{it} in the follow way:

$$\eta_{it} = \exp(\gamma' Z_{it})$$

where γ is a parameter and Z_{it} includes characteristics such as the elapsed unemployment duration and measures of the individual's search effort. The larger the value of η_{it}, the higher the probability the individual will receive an offer.

We assume joint normality of the error terms, e, ε, and v. Moreover, $\rho_{e\varepsilon}$ is the correlation between the errors e_{it} and ε_{it}, ρ_{ev} is the correlation between the errors e_{it} and $v_{i,t-1}$ and $\rho_{\varepsilon v}$ is the correlation between the errors $v_{i,t-1}$ and ε_{it}.

In this environment, an individual accepts the job offer if the wage that he is offered exceeds the individual's reservation wage. Under our assumptions of joint normality, the acceptance probability conditional on wealth and the observed reservation wage, can be written as:

$$\Pr(\ln w_{it} > R_{it} \mid R_{it}, A_{it}) = 1 - \Phi\left(\frac{R_{it} - \delta' k_{it} - \psi(e_{it} \mid \varepsilon_{it}, v_{i,t-1})}{\sigma_{e|\varepsilon,v}}\right)$$

where $\Phi(\cdot)$ is the standard normal distribution function, $\psi(e_{it} \mid \varepsilon_{it}, v_{i,t-1})$ is the part of the conditional mean that arises due to the possible nonzero correlation between the errors of the equations and $\sigma_{e|\varepsilon,v}$ is the conditional variance of the wage error term.

It follows that the probability of observing a transition from unemployment to employment can be written as the probability a job is offered to the individual multiplied by the probability the job offer is accepted:

$$[1 - \exp(-\eta_{it})]\left[1 - \Phi\left(\frac{R_{it} - \delta' k_{it} - \psi(e_{it} \mid \varepsilon_{it}, v_{i,t-1})}{\sigma_{e|\varepsilon,v}}\right)\right]$$

For each individual who makes a transition, the likelihood contribution is obtained by multiplying the transition probability by the joint density of wealth and reservation wages. For individuals who do not make the transition, the likelihood contribution is obtained by multiplying 1-prob(transition) by the joint density of wealth and reservation wages. Finally, for individual's whose reservation wage is not observed, we integrate over the reservation wages.

There are two places that wealth enters into our equations: as one of the simultaneously estimated equations and as a regressor in the reservation wage equation. Wealth only indirectly affects the probability of a job offer through the reservation wage and through possible error correlations. Although this is consistent with the theoretical literature used to justify our analysis, there are a number of reasons to believe that wealth might also affect the arrival rate. For example, wealth and the arrival rate could be correlated due to unobserved worker heterogeneity. Wealth may influence search intensity and therefore the arrival rate, although the direction of the relationship is not clear. If wealthy workers are harder working conditional on the observables, this might lead one to think wealthy workers would search harder and have a higher arrival rate of offers. On the other hand, higher wealth might reduce the marginal benefit of income and thus reduce search intensity. Given the possibility of the relationship between wealth, search intensity and arrival rates, we run also variations of the model including family income and wealth variables in the arrival rate equation.

4   The Data

We construct a sample from the 1984 Survey of Income and Program Participation (SIPP). The SIPP is survey of about 21,000 households representative of the United States population. About one quarter of households are interviewed each month; each household is interviewed every 4 months (three times a year) from late 1983 until late 1986. We choose this data because of the unique combination of variables that if offers. Individuals are asked

detailed questions about income, and employment, as well as demographic and education information. Extra sets of questions asked in waves 4, 5, and 7 provide us with detailed information on wealth and on reservation wages.

The wave 4 and 7 interviews include detailed questions on wealth. The quality of the wealth data in the 1984 SIPP is examined by McNeil and Lamas (1989), and Curtin, Juster and Morgan (1989). Their collective findings suggest that the wealth information in the subgroups is remarkably stable from Wave 4 to Wave 7, and the wealth information is most comparable to the wealth information in the Panel of Survey and Income Dynamics. Larger differences emerge when comparing the SIPP data with the wealth information obtained from the Survey of Consumer Finances. However, the difference in estimates of net worth seem to be related to the measures of equity in motor vehicles and own business, and the fact that the SCF oversamples the high income portion of the population. When net worth is measured without these variables, the two data sets yield relatively close estimates of net worth. Since we are interested in the relationship between unemployed workers and wealth, we have eliminated a large part of the high income population since these workers are less likely to experience spells of unemployment.

We measure wealth as net worth which is defined as total wealth minus total unsecured debt.[4] Total household wealth includes the household's home equity, net equity in vehicles, business equity, interest earning assets held in banking and other institutions, equity in stocks and mutual fund shares, equity in other real estate, total of mortgages held, money

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[4] Our results are realtively insensitive to small changes in the measure of wealth used.

owed from sale of business, bonds, IRA and Keogh accounts. This measure of wealth is chosen since it includes most of the major assets that a household would hold, and takes into account the total amount of the household's debt. In addition, its comparability to the wealth measure in Bloemen and Stancanelli (2001) allows us to compare our results to theirs.[5]

4.1 The Sample and Summary Statistics

Since we are interested in job search behavior, we limit our sample to individuals who are likely to be available for work: people who are 18-64 and who are not currently enrolled in school. The questions about reservation wages were asked only about the individual interviewed - and not about their family members - so our sample is limited to individuals who were self-respondents in wave 5. This leaves us with about 15,000 individuals. Questions about reservation wages were ask only of individuals who were either unemployed or out of the labor force but likely to look for work in the next year - about 5000 individuals. After the date the reservation wage information was collected, we are able to track individuals for an additional 16 months (through 4 more interviews). This allows us to observe whether they accepted a job during this time frame, and the wage and type of job if it was accepted.

The descriptive statistics are given in Tables 1-5. Tables 1 and 2 compare people who are looking for jobs with individuals who are employed or out of the labor force at the time of the wave 5 interview. In general, job seekers are less educated and have lower family income

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[5] In their paper wealth was defined as net financial assets i.e., the balance on current accounts, savings and deposit accounts, the value of savings certificates, the value of stocks, bonds and options, the amount of money lent minus the all debts or loans, and the value of hire purchase. They include a dummy variable to capture the affect of home ownership due to missing observations on the value of housing.

than other individuals. In addition, for household heads, job seekers have lower wealth. Individuals who are currently employed are more likely to hold a job in the future - over 80% of the non-seekers hold jobs in waves 6-9, compared with less than 40% of the male and less than 20% of the female job seekers. The very low probability that women hold a job in waves 6-9 may indicate that some of the women who report they are likely to look for a job may in fact be unlikely to actually take a job.

Tables 3-5 report descriptive statistics for job seekers. These are the individuals used for our analysis. Table 3 compares unemployed job seekers with those who are currently out of the labor force, and provides information about variables of interest such as the average levels of individuals' reservation wages, wealth, family income and earnings. This table shows that the reservation wage of our sample is over the 1985 minimum wage ($3.35).[6] However, we do find that some individuals in our sample report reservation wages below this level. This finding is consistent with the belief that some workers would be willing to work for less than the minimum wage, and has been found by individuals who have looked at self reported reservation wages in the Current Population Survey.[7] We also observe that the reservation wages of the unemployed are higher on average than the reservation wages of those in our out of labor force sample. The out of labor force sample tends to have a higher net worth on average, is more likely to be married and is more likely to have small children at home than the unemployed sample. Finally, we can see that the unemployed job seekers are much

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[6] Although we do not report the statistics in this table, we also find that over 75% of our sample for whom we have information on their past wage reported a reservation wage lower than or equal to their previous wage earned.

[7] See Ryscavage (1987) for a comparison of the SIPP data to the CPS data on reservation wages.

more likely (61%) to find a job than those out of the labor force (34%).

Tables 4 and 5 look at the unemployed and out of the labor force samples separately. We find that the reservation wages of men in each of the two samples is greater than the reservation wages of women on average, and the average reservation wages of household heads is larger than the average reservation wages of wives. We also observe that men who are out of the labor force have a larger net worth than women out of the labor force on average, while the reverse is true for unemployed sample. Finally we find that job seekers who are not in the labor force are mostly married women in our sample, and they are much more likely to have small children. Almost 75% of the unemployed job seekers are household heads - single individuals or married men.

5   Empirical Results

In this section we discuss the results of our analysis. First we present the single equation estimates of the reservation wage equation. Next, we estimate the simultaneous equation model of reservation wages, wealth and transitions to employment. Finally, we explore the relationship between wealth and search intensity in our data.

5.1   The Reservation Wage Equation

Our measure of reservation wage is the self-reported lowest hourly wage individuals would accept. Survey respondents are asked to report the minimum wage they would accept per hour, per week, per month, and per year. Most respondents provide an hourly wage. However, for other respondents, the answer is converted to an hourly wage assuming that individuals

work 40 hours per week, 176 hours per month, and 2000 hours per year. As expected, individuals who report weekly, monthly or yearly reservation wages have, on average, higher hourly reservation wages.

Tables 6 and 7 presents results for a single equation model of reservation wages. The dependent variable is the log of the individual's hourly reservation wage. Independent variables include a constant, wealth, wealth squared, other household income, unemployment income, age, age squared, and dummy variables indicating if the individual has any children, is male, is married, and is not white. Other household income includes spousal income and family non-earned income. Table 6 presents results for a regression without expected hour of work as an explanatory variable; Table 7 presents results including expected hours of work as an explanatory variable. Excluding the number of expected hours from the regression amounts to assuming that there is no correlation between expected hours and the disturbance term. The regression including hours can simply be interpreted as a reduced form reservation wage equation. Results are presented for the full sample of job-seekers, and separately for the wives and heads sample.[8]

One finding is clear: in all of the specifications wealth has a small positive effect on reservation wages. An increase in wealth of 10,000 dollars increases the reservation wage by about 0.5-1%.[9] [,10] The effect is slightly stronger for wives, and is statistically significant for

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[8] In the results reported, our heads category includes all single individuals and married men. Other regressions were run where individuals who are living with their parents were excluded. We found that excluding these individuals strengthened our results.

[9] These results are not very sensitive to small changes in our sample.

[10] These results are consistent with the point estimates found using instrumental variables with information on spousal income and other demographic variables as instruments.

14

all groups except men. Including expected hours in the equation has no substantive impact on the results. We find that, for the vast majority of our sample, an increase in the wealth raises the individual's reservation wage. Higher unemployment benefits also significantly increase the reservation wages of all groups. This is consistent with the intuition that U.I. benefits reduce the cost to individuals of being unemployed which allows them wait longer for a higher paying job.

Higher household income is also positively correlated with reservation wages: an increase in household income of 1000 increases the reservation wage by about 2%. The higher the other income available to the individual, the higher the reservation wage will be. This effect is more significant for married women than for other workers, which is not surprising. The sample of married women is primarily comprised of out of the labor market job seekers, so it is not surprising that they are more sensitive to changes in wealth and other income than household heads.

Our results also indicate that men have reservation wages that are more than 20% higher than those of women; that people with higher expected hours have higher reservation wages; and that each year of additional education increases the reservation wage by about 4.5%. Having children has no significant effect on reservation wages, although the coefficient is negative, and their is no evidence that whites and blacks have different reservation wages after controlling for the other explanatory variables.

5.2 Simultaneous Equations Estimation

The above results investigate the relationship between reservation wages and wealth ignoring the possibility that wealth is endogenous. However, there is concern that reservation wages, wealth, and job market transitions are in fact jointly determined. To allow for this possibility, we estimate a simultaneous equation model. The results are reported in Tables 8 to10. Table 8 reports results for all job seekers; Tables 9 and 10 report results separately for heads and wives respectively.[11]

5.2.1 The Reservation Wage Equation

The reservation wage equation results from simultaneous estimation are given in columns (1) and (4) of Tables 8 to 10. The relationship between wealth and the reservation wage changes little from the single equation estimation to the simultaneous equation model: higher levels of wealth are still associated with higher reservation wage for workers with low and medium levels of wealth. A $10,000 increase in wealth is associated with about a 2% increase in the reservation wage according to the results using the full sample of workers, however our results show significant differences in the various sub-groups. Specifically, a $10,000 increase in the networth of household heads raises reservation wages of this group by about 3%, while a $10,000 increase in the wages for wives raises reservation wages by 2.5% for the average wife in our sample.[12] Most of the coefficients on the other explanatory variables in

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[11] The sample used for the simultaneous equations estimation differs slightly from the sample used for the single equation analysis.

[12] When we used liquid networth as wour measure of wealth, we find that individuals' reservation wages are far more sensitive to changes in liquid networth. For example, the elasticity with respect to wealth for the wives sample implies that a doubling of liquid networth for the average wife results in a 5% increase in

the reservation wage equation also have the expected sign: unemployment benefits increase the reservation wage, as do age and education. Other household income significantly increases the reservation wage - an increase of $1000 in other household income increases the reservation wage about 3% for married women, and about 1.5% for household heads. For heads, marriage is positively correlated and children are negatively correlated with reservation wages, although the effects are insignificant. Marriage and children are both negatively correlated with reservation wages for women, although again the results are insignificant. Finally, the differences in the reservation wages for blacks and white workers is generally insignificant.

5.2.2 The Wealth Accumulation Equation

The wealth accumulation equation results from simultaneous estimation are given in columns (7) thru (9) of Tables 8 to 10. Wealth accumulation depends on household income and earnings in the previous period. We also control for demographic and human capital variables. We find the expected relationship between lagged income and earnings variables and current period wealth - individuals with higher earnings, and higher family income in previous periods have higher wealth. levels. The relationship between wealth and earnings is positive and significant for all groups of workers considered. As expected, education is positively correlated with wealth accumulation, while children are negatively correlated with wealth accumulation. The affect of age on wealth is non-linear and generally significant. In general, individuals tend to amass greater net worth after the age of 32.

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their reservation wage.

We also find that there is a significant difference between white and black individuals in the wealth accumulation equation. Controlling for other observables, black individuals have accumulate less wealth than their white counterparts. The fact that there are no controls for parents wealth or lagged wealth may explain part of this result. For example, if white individuals start out life with more wealth (or less debt), this may lead to greater wealth accumulation, all else held constant.

5.2.3 The Job Transition Equation

The simultaneous equation estimation results for the job transition equation are presented in columns (4) thru (6) in Tables 8 to 10. The coefficients reported in these columns correspond to the variables used in the probability of an offer equation.

We find that one of the most significant predictor of an individual's probability of transition is to be the measure of search intensity (the number of contacts).[13]   In general, we find that the more contacts an individual makes, the more likely he/she is to get a job offer and make transition from unemployment. The tables presented also examine the impact of being unemployed or out of the labor market for a long period of time by including a variable that measures the time individuals have been without a job. We find that accounting for the duration of the spell is key in accurately estimating this relationship, since number of contacts is highly (and negatively) correlated with long spell duration, and spell duration is highly (and negatively) correlated with transition probability. However, even after accounting for spell length, we find that the higher the number of contacts, the higher the transition

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[13] Similar results are obtained if the search index is used as the measure of search intensity instead of the number of contacts.

probability. The magnitude of the effect is relatively large - each additional contact increases the probability that an individual will find a job by about 1.5%. Moreover, the duration of the current unemployment spell is also found to be a significant predictor of the probability of taking a job. The longer an individual has been unemployed, the less likely he will find a job in the future. This result may indicate that firms are hesitant to offer individuals who have been out of work for long period of time because of skill deterioration or because they believe that there the long term duration without a job indicates something about the quality of the worker.

We also see evidence that individuals are less likely to transition to a job as they get older. This is especially true for wives. This may reflect a decrease in females' attachment to the labor market as they age, or an increasing likelihood that they have income from other sources which decreases their quality of search intensity. However, age does not appear to be a significant predictor for the household heads group. There is also some evidence that black individuals are less successful at finding new jobs than comparable white workers. This is seen in the household heads group and our findings suggest that this results is driven primarily by black males.

In our regressions we also include education and the number of past spells of long term unemployment in an attempt to capture information about the individuals' ability levels. We find that there is some evidence that higher educated individuals are more likely to receive job offers. However, we find no evidence that past long term spells of unemployment affect the current probability that the individual will receive a job offer. The coefficient on education

is positive for the household heads, but generally insignificant for the wives sub-sample. The coefficient on the number of past spells of long term unemployment usually has the expected negative sign for groups attached to the labor market when current unemployment duration is excluded from the regression. However, the coefficient is small in magnitude and statistically insignificant for virtually all of the regressions ran.

5.3 Determinants of Search Intensity

Since search intensity is found to be a highly significant predictor of job transitions, in this section we investigate the relationship between wealth and search intensity. For each person in our data we observe two measures of search intensity: the number of employers contacted during the last month (an intensive measure) and an index based on the number of types of search methods used by the individual (an extensive measure). Our prior is that after controlling for demographic variables and education, wealth and family income should be negatively correlated with search intensity since wealth reduces the marginal benefit of additional income. We are also interested in differences in methods of search uses across demographic groups.

5.3.1 Search Methods

Search intensity is measured in two ways. The first measure is the number of employers contacted in the past month. The second measure is an index of the number of methods of job search used, where possible methods of search are: (i) contacting employers, (ii) contacting the unemployment office, (iii) using a private employment agency, (iv) asking

friends or relatives, or (v) doing anything else. To create our index we count the number of types of methods used to create an index that ranges from 0 to 5. We then use each of these as dependent variables in a regression including wealth, other family income, unemployment benefits, and other demographic variables. The results are reported in Tables 11 and 12.

Table 11 reports the results using index of search methods as the independent variable. The coefficient on wealth is negative, although it is not significant for all groups. Our results indicate that there is little relationship between wealth and the number of search methods used fro household heads and women. However, other family income is negatively correlated with the number of search methods, although the magnitude is small for the male sub-group. Not surprisingly we find that individuals with unemployment benefits use more search methods since the are required to contact employers. Our findings also suggest that (i) search intensity increases with education, (ii) men tend to search harder than women all else equal, and (iii) married women appear to use fewer types of search methods than their single counterparts, while the reverse is true for married men. The longer an individual is unemployed, the less search methods he/she tends to use. Finally, there is some evidence that black individuals in our sample tend to utilized more search methods all else equal.

Table 12 reports results using the number of employers contacted during the last month as the independent variable. Wealth is negatively correlated with this measure of search intensity for men and household heads, while there is no significant relationship for wives and women. Other household income reduces search intensity for all groups of workers except wives - a $3000 increase in other family income reduces by 1 the number of employers

a household head contacts in a month. Receiving unemployment benefits increases the number of contacts, while longer spells of unemployment are associated with fewer monthly contacts. The human capital variables - age and education - are positively associated with the number of contacts and are generally significant.

Demographic variables - presence of children and being married - have very different effects on household heads and wives. Household heads who are married make about 0.5 more contacts each month, those with children make even more. Male heads make about 2 more contacts a month than female heads. Women make about 1 fewer contacts each month if they are married, and both wives and women make about 0.2 fewer contacts each month if they have children but this effect is generally insigificant.

We find that in general, wealthier individuals to have lower search intensity, and men search harder than women, all else held constant. Educated individuals also appear to search harder for a better match. Other sources of income reduce search intensity. Marriage and children increase search intensity for men and decrease search intensity for women. These results may be explained intuitively by that fact that men are more likely to be the main provider in the family, and married men are more attached to the labor market. Married women, on the other hand, generally have working spouses which may cause them to search less intensely.

6   Conclusions

In this paper we have examined the effect of wealth on employment probability, search effort and reservation wages for American job seekers. Many search models predict that wealth should have a positive impact on an individual's reservation wage, a negative affect on his search intensity and thus a positive impact on his duration of unemployment. Our study uses data on subjective reservation wages, wealth and measures of search intensity, found in the 1984 SIPP to examine the empirical relationships between these variables.

Our findings generally support the relationships predicted by the theory. We find that an increase in wealth for poorer workers tends to raise the level of their reservation wages. Unemployment insurance and other household income also have a positive effect on an individual's reservation wage. There is a negative relationship between wealth and search intensity and a positive relationship between search intensity and employment transitions. Moreover these effects, together with the positive relationship between reservation wages and wealth, suggests there is positive relationship between unemployment duration and wealth. Our results suggest that individuals who are less attached to the labor market are more sensitive to changes in wealth.

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Table 1A: Demographic Characteristics, Wealth and Earnings
Adults, 18-64 and Out of School

Wave 5 Self Respondents

	Married Men N=3724		Married Women N=6793		Single Men N=2219		Single Women N=3600	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Highest Grade	13.201	2.817	12.612	2.388	13.146	2.655	12.496	2.591
Age	42.299	12.417	40.111	12.240	34.962	12.611	38.339	13.724
Black	0.050	0.218	0.056	0.230	0.115	0.319	0.190	0.392
Household Head					0.684	0.465	0.739	0.439
Unemployed	0.058	0.234	0.050	0.219	0.093	0.291	0.096	0.295
Out of Labor Force	0.137	0.344	0.434	0.496	0.146	0.353	0.287	0.453
Net Worth	8.973	25.897	7.936	16.438	4.243	8.038	3.815	7.233
Monthly Earnings	1.811	1.578	0.559	0.737	1.335	1.233	0.787	0.827
HH Monthly Earnings	2.682	1.949	2.519	1.826	2.014	1.661	1.336	1.316
Total Monthly Income	2.088	1.625	0.674	0.802	1.500	1.289	1.033	0.865
HH Total Income	3.111	2.074	2.897	1.877	2.319	1.725	1.716	1.391

Wave 5 Non-Self Respondents

	Married Men N=5453		Married Women N=2779		Single Men N=2304		Single Women N=1796	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	12.825	2.783	12.516	2.458	12.243	2.258	12.370	2.281
Age	41.707	11.667	41.244	12.475	27.649	10.169	31.031	12.927
Black	0.069	0.253	0.068	0.251	0.149	0.356	0.171	0.377
Household Head					0.207	0.405	0.311	0.463
Unemployed	0.041	0.198	0.033	0.180	0.150	0.357	0.079	0.270
Out of Labor Force	0.056	0.231	0.263	0.440	0.139	0.346	0.171	0.377
Net Worth	7.075	11.520	8.097	23.055	5.956	16.353	5.260	19.445
Monthly Earnings	1.613	1.545	0.473	0.750	0.564	0.793	0.379	0.571
HH Monthly Earnings	2.230	1.890	1.853	2.102	1.802	2.031	1.451	1.842
Total Monthly Income	1.749	1.602	0.556	0.815	0.620	0.808	0.448	0.620
HH Total Income	2.482	2.026	2.216	2.359	2.147	2.221	1.765	2.027

1984 CPS

	Married Men N=27949		Married Women N=29864		Single Men N=14842		Single Women N=16584	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	12.732	3.123	12.405	2.661	12.400	2.988	12.217	2.854
Age	41.797	11.935	40.271	12.284	30.723	11.868	35.169	13.916
Black	0.075	0.263	0.070	0.255	0.161	0.367	0.204	0.403
Household Head					0.414	0.493	0.588	0.492
Unemployed	0.050	0.219	0.034	0.181	0.108	0.311	0.069	0.254
Out of Labor Force	0.092	0.289	0.412	0.492	0.186	0.389	0.279	0.448
Monthly Earnings	1.592	1.334	0.520	0.684	0.858	0.986	0.655	0.738
HH Monthly Earnings	2.457	1.664	2.371	1.682	1.864	1.686	1.324	1.471
Total Monthly Income	1.933	1.376	0.628	0.737	1.032	1.097	0.841	0.800
HH Total Income	2.736	1.739	2.696	1.734	2.168	1.797	1.626	1.562

Table 1B Demographic Characteristics, Wealth and Earnings
Unemployed Workers, 18-64 and Out of School

	Wave 5 Self Respondents							
	Married Men (N=257)		**Married Women** (N=399)		**Single Men** (N=250)		**Single Women** (N=384)	
	Mean	St. Dev.	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	11.961	2.448	12.168	2.210	11.820	2.101	12.102	2.220
Age	39.105	12.735	35.441	11.439	29.696	11.630	32.201	11.842
Black	0.070	0.256	0.083	0.276	0.196	0.398	0.276	0.448
Household Head					0.428	0.497	0.607	0.489
Duration of Une. Spell	20.047	22.868	24.820	25.890	20.032	22.723	28.159	26.964
Net Worth	3.457	5.157	4.824	10.157	2.613	5.193	2.813	5.798
Monthly Earnings	0.449	0.635	0.174	0.297	0.272	0.396	0.168	0.323
HH Monthly Earnings	1.085	1.093	1.646	1.314	1.166	1.311	0.823	1.186
Total Monthly Income	0.785	0.793	0.300	0.330	0.449	0.553	0.431	0.475
HH Total Income	1.575	1.186	1.954	1.313	1.579	1.354	1.241	1.286

	Wave 5 Non-Self Respondents							
	Married Men (N=224)		**Married Women** (N=93)		**Single Men** (N=246)		**Single Women** (N=142)	
	Mean	St. Dev.	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	11.482	2.298	12.000	2.621	11.494	1.901	12.275	1.887
Age	38.362	11.413	34.204	10.868	25.220	8.638	24.197	7.178
Black	0.103	0.304	0.161	0.370	0.266	0.442	0.225	0.419
Household Head					0.064	0.244	0.049	0.2173
Duration of Une. Spell	19.656	21.179	27.602	26.569	27.428	22.336	22.430	21.669
Net Worth	3.269	4.360	3.538	6.369	6.091	34.609	4.343	6.641
Monthly Earnings	0.359	0.572	0.126	0.246	0.099	0.237	0.140	0.251
HH Monthly Earnings	0.984	0.952	1.741	1.495	1.425	1.454	1.699	1.510
Total Monthly Income	0.666	0.815	0.237	0.292	0.183	0.319	0.225	0.283
HH Total Income	1.430	1.083	2.044	1.498	1.906	1.528	2.156	1.577

	1984 CPS							
	Married Men N=1420		**Married Women** N=957		**Single Men** N=1602		**Single Women** N=1121	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	11.623	2.404	11.976	2.116	11.658	2.082	11.822	1.958
Age	38.686	11.804	34.206	10.906	28.303	10.442	30.456	11.417
Black	0.124	0.329	0.129	0.336	0.273	0.446	0.340	0.474
Household Head					0.268	0.443	0.503	0.500
Monthly Earnings	0.800	0.862	0.346	0.455	0.420	0.637	0.273	0.444
HH Monthly Earnings	1.378	1.190	1.830	1.326	1.317	1.413	0.783	1.183
Total Monthly Income	1.042	0.920	0.432	0.504	0.525	0.728	0.446	0.487
HH Total Monthly Income	1.748	1.277	2.136	1.386	1.826	1.485	1.416	1.360

Table 1c: Demographic Characteristics, Wealth and Earnings
Out of Labor Force Sample

Wave 5 Self Respondents

	Married Men (N=511)		Married (N=2945)		Single Men (N=323)		Single Women (N=1034)	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Highest Grade	11.679	2.773	12.094	2.327	11.768	2.863	11.152	2.286
Age	53.714	11.792	42.099	13.290	43.573	15.820	41.982	15.603
Black	0.067	0.249	0.040	0.196	0.189	0.392	0.254	0.436
Household Head					0.644	0.480	0.731	0.444
Net Worth	9.779	16.942	8.469	18.501	3.996	7.696	3.316	6.755
Monthly Earnings	0.167	0.619	0.041	0.175	0.145	0.375	0.039	0.150
HH Monthly Earnings	0.733	1.147	1.987	1.786	0.662	1.117	0.476	0.956
Total Monthly Income	1.083	1.034	0.195	0.421	0.605	0.663	0.505	0.588
HH Total Income	1.943	1.532	2.500	1.849	1.302	1.196	1.083	1.117

Wave 5 Non-Self Respondents

	Married Men (N=307)		Married (N=730)		Single Men (N=321)		Single Women (N=308)	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Highest Grade	11.143	2.701	11.896	2.498	11.268	2.256	11.208	2.363
Age	53.208	11.628	44.479	13.392	30.246	13.705	33.776	15.081
Black	0.117	0.322	0.058	0.233	0.221	0.416	0.198	0.399
Household Head					0.072	0.258	0.182	0.386
Net Worth	7.479	10.634	11.553	32.208	5.415	9.084	5.013	11.002
Monthly Earnings	0.076	0.398	0.024	0.156	0.028	0.175	0.014	0.085
HH Monthly Earnings	0.818	1.170	1.963	2.054	1.340	1.524	1.193	1.316
Total Monthly Income	0.811	0.772	0.216	0.472	0.225	0.475	0.239	0.310
HH Total Income	1.841	1.409	2.752	2.359	2.020	1.806	1.860	1.396

1984 CPS

	Married Men N=2565		Married N=11725		Single Men N=2783		Single Women N=4543	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	11.443	2.718	11.971	2.292	11.698	2.497	11.248	2.260
Age	53.596	11.468	42.690	13.369	31.906	15.320	37.536	16.304
Black	0.084	0.277	0.051	0.219	0.236	0.425	0.281	0.449
Household Head					0.281	0.450	0.552	0.497
Monthly Earnings	0.265	0.704	0.060	0.224	0.126	0.371	0.063	0.230
HH Monthly Earnings	0.809	1.106	1.886	1.611	1.348	1.789	0.724	1.436
Total Monthly Income	1.002	0.951	0.176	0.370	0.365	0.601	0.371	0.549
HH Total Income	1.790	1.336	2.365	1.671	2.006	1.878	1.397	1.593

Table 2A: Demographic Characteristics, Wealth and Earnings
Adults, 18-64, Out of School and Unemployed

Reservation Wage Reported

	Full Sample 954		Married Men 197		Married Women 278		Single Men 188		Single Women 291	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade Completed	11.889	2.191	11.772	2.423	12.090	2.165	11.793	2.090	11.838	2.112
Age	34.377	12.455	39.431	12.584	35.619	11.692	30.202	12.184	32.467	11.943
Black	0.181	0.386	0.081	0.274	0.101	0.301	0.207	0.407	0.309	0.463
Head	0.478	0.500					0.415	0.494	0.622	0.486
Male	0.404	0.491								
Married	0.498	0.500								
Monthly Earnings	0.220	0.429	0.441	0.660	0.134	0.268	0.254	0.408	0.130	0.293
HH Total Income	1.525	1.287	1.553	1.198	1.850	1.273	1.568	1.368	1.169	1.219
# Children	1.005	1.262	1.122	1.430	1.266	1.292	0.282	0.646	1.144	1.248
# Children Less than 6	0.326	0.737	0.386	0.810	0.457	0.889	0.074	0.318	0.323	0.679
Networth	3.402	7.361	3.035	4.906	4.626	10.235	2.943	5.630	2.770	6.222

Reservation Wage Missing

	Full Sample 336		Married Men 54		Married Women 117		Single Men 68		Single Women 97	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade Completed	12.467	2.334	12.630	2.452	12.419	2.305	11.926	2.167	12.814	2.378
Age	33.286	11.751	39.185	13.407	35.145	10.896	28.118	9.363	31.381	11.471
Black	0.098	0.298	0.037	0.191	0.051	0.222	0.147	0.357	0.155	0.363
Head	0.446	0.498					0.500	0.504	0.639	0.483
Male	0.363	0.482								
Married	0.509	0.501								
Monthly Earnings	0.492	0.456	0.751	0.609	0.376	0.359	0.482	0.427	0.495	0.429
HH Total Income	1.787	1.384	1.691	1.192	2.216	1.382	1.583	1.279	1.468	1.445
# Children	0.875	1.165	1.167	1.563	1.256	1.123	0.250	0.720	0.691	0.983
# Children Less than 6	0.354	0.731	0.463	0.719	0.487	0.887	0.074	0.315	0.330	0.688
Networth	3.889	7.135	5.121	5.934	5.375	10.153	1.661	3.296	2.929	4.122

1984 CPS

	Married Men N=1420		Married Women N=957		Single Men N=1602		Single Women N=1121	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	11.623	2.404	11.976	2.116	11.658	2.082	11.822	1.958
Age	38.686	11.804	34.206	10.906	28.303	10.442	30.456	11.417
Black	0.124	0.329	0.129	0.336	0.273	0.446	0.340	0.474
Household Head					0.268	0.443	0.503	0.500
Monthly Earnings	0.800	0.862	0.346	0.455	0.420	0.637	0.273	0.444
HH Monthly Earnings	1.378	1.190	1.830	1.326	1.317	1.413	0.783	1.183
Total Monthly Income	1.042	0.920	0.432	0.504	0.525	0.728	0.446	0.487
HH Total Income	1.748	1.277	2.136	1.386	1.826	1.485	1.416	1.360

Table 2: Demographic Characteristics, Wealth and Earnings
Adults, 18-64, Out of School and Out of the Labor Force

	Reservation Wage Reported									
	Full Sample 797		**Married Men** 48		**Married Women** 449		**Single Men** 63		**Single Women** 237	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade Completed	11.902	2.256	11.708	2.895	12.056	2.273	12.492	2.415	11.494	1.963
Age	35.405	12.300	47.354	13.955	35.410	10.937	35.794	14.241	32.873	12.475
Black	0.127	0.333	0.042	0.202	0.033	0.180	0.159	0.368	0.312	0.464
Head	0.296	0.457					0.429	0.499	0.679	0.468
Male	0.139	0.346								
Married	0.624	0.485								
Monthly Earnings	0.056	0.208	0.155	0.417	0.053	0.192	0.088	0.297	0.034	0.124
HH Total Income	1.844	1.570	2.063	1.588	2.272	1.648	1.464	1.358	1.089	1.098
# Children	1.307	1.368	1.063	1.755	1.414	1.231	0.349	1.034	1.409	1.500
# Children Less than 6	0.459	0.868	0.188	0.607	0.619	0.975	0.079	0.373	0.312	0.710
Networth	4.238	7.310	8.390	14.662	4.868	7.151	3.979	5.763	2.267	4.827

	Reservation Wage Missing									
	Full Sample 3712		**Married Men** 421		**Married Women** 2385		**Single Men** 227		**Single Women** 679	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade Completed	11.818	2.483	11.689	2.745	12.102	2.336	11.590	3.042	10.976	2.405
Age	45.759	13.926	55.344	10.610	43.603	13.294	47.780	14.668	46.713	14.930
Black	0.086	0.280	0.069	0.254	0.042	0.201	0.185	0.389	0.216	0.412
Head	0.303	0.459					0.718	0.451	0.794	0.405
Male	0.175	0.380								
Married	0.756	0.430								
Monthly Earnings	0.407	0.669	1.113	1.043	0.207	0.443	0.718	0.712	0.570	0.635
HH Total Income	2.147	1.804	1.933	1.525	2.570	1.892	1.253	1.119	1.092	1.150
# Children	0.878	1.242	0.380	0.901	1.083	1.282	0.097	0.398	0.730	1.255
# Children Less than 6	0.410	0.870	0.128	0.450	0.557	0.988	0.026	0.186	0.197	0.594
Networth	8.082	17.686	10.360	17.811	9.244	19.998	4.155	7.901	3.876	7.510

	1984 CPS							
	Married Men N=2565		**Married Women** N=11725		**Single Men** N=2783		**Single Women** N=4543	
	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev	Mean	St. Dev
Highest Grade	11.443	2.718	11.971	2.292	11.698	2.497	11.248	2.260
Age	53.596	11.468	42.690	13.369	31.906	15.320	37.536	16.304
Black	0.084	0.277	0.051	0.219	0.236	0.425	0.281	0.449
Household Head					0.281	0.450	0.552	0.497
Monthly Earnings	0.265	0.704	0.060	0.224	0.126	0.371	0.063	0.230
HH Monthly Earnings	0.809	1.106	1.886	1.611	1.348	1.789	0.724	1.436
Total Monthly Income	1.002	0.951	0.176	0.370	0.365	0.601	0.371	0.549
HH Total Income	1.790	1.336	2.365	1.671	2.006	1.878	1.397	1.593

TABLE 3: Descriptive Statistics by Type

Variable	Full Sample (N=1636)		Unemployed Sample (N=822)		Out of Labor Force Sample (N=814)	
	Mean	Std	Mean	Std	Mean	Std
Age	34.99	12.68	34.43	12.48	35.55	12.86
Highest Grade Complete	11.76	2.14	11.89	2.13	11.63	2.14
Married	0.53	0.50	0.46	0.50	0.59	0.49
Earnings	54.34	249.16	94.93	334.42	13.35	92.55
Family Earnings	1061.84	1492.63	876.07	1197.27	1249.43	1721.29
Household Earnings	1137.22	1505.48	964.39	1213.87	1311.75	1734.75
Family Total Income	1493.35	1591.36	1317.26	1283.14	1671.16	1835.01
Household Total Income	1582.27	1590.93	1422.10	1283.15	1744.01	1837.21
Reservation Wage (hourly)	4.74	2.98	5.04	3.19	4.43	2.71
Any Kids	0.56	0.50	0.52	0.50	0.60	0.49
Number of Kids	1.12	1.32	0.95	1.22	1.29	1.39
Number of Little Kids	0.78	1.03	0.68	0.96	0.88	1.08
Black	0.16	0.37	0.18	0.38	0.14	0.35
Hours	6.85	14.87	10.77	17.53	2.88	10.15
Unemployed	0.50	0.50	1.00	0.00	0.00	0.00
Made Tranisition	0.48	0.50	0.61	0.49	0.34	0.47
Networth	36702.37	68637.99	32699.34	62751.84	40744.74	73928.33
Household Wealth	38930.56	69051.55	34993.10	62041.79	42906.72	75302.40
Household Mortgage	9085.69	18242.23	8506.46	16970.48	9670.60	19435.26
Number of Contacts Last Week	3.43	6.22	6.83	7.34	0.00	0.00
Search Method Index	0.53	0.57	1.06	0.28	0.00	0.00
Duration of Unemployment	36.36	26.02	26.89	24.86	45.92	23.57
Receiving UI	0.14	0.35	0.26	0.44	0.02	0.15
UI Payment*	469.45	257.81	473.16	260.86	426.22	220.83

*based on non-zero entries

TABLE 4: Descriptive Statistics for the Unemployed

Variable	Total Sample (N=822)		Male (N=344)		Female (N=478)		Household Heads (N=604)		Wives (N=218)	
	Mean	Std	Mean	Std	Mean	Std	Mean	Std	Mean	Std
Age	34.43	12.48	35.05	13.33	33.99	11.82	33.61	12.88	36.71	10.97
Highest Grade Complete	11.89	2.13	11.78	2.21	11.96	2.08	11.83	2.15	12.03	2.08
Married	0.46	0.50	0.47	0.50	0.46	0.50	0.27	0.44	1.00	0.00
Earnings	94.93	334.42	131.37	422.33	68.71	250.17	103.67	365.17	70.73	227.52
Family Earnings	876.07	1197.27	779.28	1167.25	945.73	1214.86	692.56	1096.54	1384.50	1314.82
Household Earnings	964.39	1213.87	873.91	1185.20	1029.51	1231.20	808.25	1140.31	1396.98	1305.98
Family Total Income	1317.26	1283.14	1265.11	1259.55	1354.79	1299.86	1162.06	1243.72	1747.26	1295.36
Household Total Income	1422.10	1283.15	1384.36	1256.17	1449.26	1302.85	1299.54	1260.89	1761.66	1285.99
Reservation Wage (houry)	5.04	3.19	5.94	4.13	4.39	2.07	5.22	3.48	4.54	2.12
Any Kids	0.52	0.50	0.39	0.49	0.60	0.49	0.45	0.50	0.71	0.45
Number of Kids	0.95	1.22	0.69	1.16	1.15	1.23	0.81	1.19	1.36	1.23
Number of Little Kids	0.68	0.96	0.49	0.83	0.81	1.02	0.52	0.87	1.11	1.05
Black	0.18	0.38	0.15	0.35	0.21	0.40	0.21	0.41	0.09	0.29
Hours	10.77	17.53	13.96	19.85	8.48	15.27	11.63	18.31	8.39	14.96
Made Tranisition	0.61	0.49	0.66	0.48	0.58	0.49	0.61	0.49	0.62	0.49
Networth	32699.34	62751.84	28865.73	45016.23	35458.25	72816.34	28517.62	54319.99	44285.38	80718.38
Household Wealth	34993.10	62041.79	30948.47	45005.92	37903.88	71751.73	30404.38	54427.55	47706.80	78168.03
Household Mortgage	8506.46	16970.48	8029.45	16485.47	8849.75	17320.12	6847.43	15359.70	13103.05	20128.30
Number of Contacts Last Week	6.83	7.34	8.07	8.29	5.93	6.43	7.32	7.63	5.47	6.28
Search Method Index	1.06	0.28	1.05	0.25	1.06	0.31	1.07	0.32	1.02	0.17
Duration of Unemployment	26.89	24.86	22.13	22.60	30.32	25.85	26.35	24.73	28.39	25.23
Receiving UI	0.26	0.44	0.30	0.46	0.22	0.42	0.26	0.44	0.25	0.43
UI Payment*	473.16	260.86	583.26	285.65	374.00	184.92	502.10	268.35	364.24	186.63

*based on non-zero entries

TABLE 5: Descriptive Statistics for Inividuals Out of Labor Force

Variable	Total (N=814)		Male (N=111)		Female (N=703)		Household Heads (N=381)		Wives (N=433)	
	Mean	Std	Mean	Std	Mean	Std	Mean	Std	Mean	Std
Age	35.55	12.86	42.05	15.75	34.52	12.04	34.70	14.35	36.30	11.36
Highest Grade Complete	11.63	2.14	11.44	2.49	11.66	2.07	11.45	2.10	11.79	2.15
Married	0.59	0.49	0.43	0.50	0.62	0.49	0.13	0.33	1.00	0.00
Earnings	13.35	92.55	37.65	203.04	9.51	57.90	16.11	117.92	10.91	62.25
Family Earnings	1249.43	1721.29	688.78	1063.54	1337.96	1787.88	611.68	1065.16	1810.60	1975.73
Household Earnings	1311.75	1734.75	717.55	1085.42	1405.57	1798.87	732.67	1169.89	1821.28	1975.75
Family Total Income	1671.16	1835.01	1519.86	1629.56	1695.05	1865.31	1137.22	1280.91	2140.99	2102.63
Household Total Income	1744.01	1837.21	1578.92	1628.05	1770.08	1867.81	1280.73	1339.71	2151.66	2101.79
Reservation Wage	4.43	2.71	6.48	5.67	4.11	1.65	4.74	3.44	4.17	1.81
Any Kids	0.60	0.49	0.27	0.45	0.65	0.48	0.48	0.50	0.71	0.46
Number of Kids	1.29	1.39	0.69	1.47	1.38	1.36	1.13	1.51	1.43	1.27
Number of Little Kids	0.88	1.08	0.40	0.92	0.95	1.09	0.59	0.97	1.13	1.12
Black	0.14	0.35	0.14	0.35	0.15	0.35	0.27	0.44	0.03	0.18
Hours	2.88	10.15	4.67	14.31	2.60	9.30	3.43	11.27	2.40	9.03
Made Tranisition	0.34	0.47	0.37	0.48	0.34	0.47	0.33	0.47	0.36	0.48
Networth	40744.74	73928.33	63149.19	117521.82	37207.19	63824.02	34728.93	77478.30	46038.10	70322.51
Household Wealth	42906.72	75302.40	65477.69	120801.16	39342.88	64708.18	36214.28	79189.76	48795.45	71281.43
Household Mortgage	9670.60	19435.26	7076.74	15821.22	10080.16	19924.89	5094.88	13334.30	13696.82	22798.04
Duration of Unemployment	45.92	23.57	36.82	24.30	47.35	23.14	43.75	23.20	47.82	23.75
Receiving UI	0.02	0.15	0.05	0.21	0.02	0.13	0.03	0.16	0.02	0.13
UI Payment*	426.22	220.83	601.80	243.06	466.48	257.87	474.13	258.28	340.88	221.01

*based on non-zero entries

TABLE 6: Reservation Wage Equation estimated by OLS
Dependent Variable: Log(Res.Wage)

Variable	Full Sample (N=1636)			Household Heads (N=985)			Wives (N=651)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	0.4045 **	0.1217	3.3224	0.2264	0.1455	1.5563	0.8284 **	0.2396	3.4575
Education	0.0443 **	0.0056	7.9647	0.0453 **	0.0068	6.6514	0.0427 **	0.0095	4.4966
Age	0.0200 **	0.0061	3.2624	0.0307 **	0.0072	4.2788	-0.0034	0.0129	-0.2621
Age Squared	-0.0002 **	0.0001	-2.5326	-0.0003 **	0.0001	-3.5621	0.0001	0.0002	0.3285
Networth (in $10,000 units)	0.0108 **	0.0032	3.4143	0.0118 **	0.0040	2.9371	0.0105 *	0.0056	1.8923
Networth (in $10,000 units) Squared	-0.0003 **	0.0001	-4.5395	-0.0003 **	0.0001	-4.3805	-0.0003 *	0.0001	-1.8835
Any Child	-0.0009 **	0.0005	-2.0148	-0.0010 *	0.0006	-1.7111	-0.0444	0.0522	-0.8521
Male	0.2191 **	0.0269	8.1334	0.1695 **	0.0343	4.9376	----	----	----
Unemployment Insurance	0.0004 **	0.0001	6.4522	0.0004 **	0.0001	5.9454	0.0004 **	0.0002	2.4406
Other Household Income (in $1,000 units)	0.0183 **	0.0080	2.2869	0.0131	0.0121	1.0836	0.0308 **	0.0114	2.7057
Black	0.0070	0.0324	0.2159	0.0019	0.0342	0.0564	0.0109	0.0847	0.1283
Married	-0.0373	0.0253	-1.4728	0.0269	0.0433	0.6217	----	----	----
Adjusted R^2	0.1710			0.2250			0.0700		

Variable	Men (N=455)			Women (N=1181)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	0.0207	0.2635	0.0786	0.5958 **	0.1331	4.4759
Education	0.0501 **	0.0118	4.2403	0.0417 **	0.0061	6.8047
Age	0.0445 **	0.0133	3.3444	0.0124 *	0.0071	1.7544
Age Squared	-0.0005 **	0.0002	-2.7152	-0.0001	0.0001	-1.4928
Networth (in $10,000 units)	0.0153 **	0.0069	2.2134	0.0077 **	0.0037	2.0634
Networth (in $10,000 units) Squared	-0.0004 **	0.0001	-3.8879	-0.0002 *	0.0001	-1.7740
Any Child	0.0073	0.0619	0.1182	-0.0307	0.0291	-1.0544
Male	----	----	----	----	----	----
Unemployment Insurance	0.0004 **	0.0001	4.5586	0.0004 **	0.0001	3.6682
Other Household Income	0.0249	0.0210	1.1897	0.0213 **	0.0083	2.5603
Black	-0.0996	0.0739	-1.3489	0.0362	0.0348	1.0392
Married	-0.0439	0.0648	-0.6769	-0.0385	0.0282	-1.3659
Adjusted R^2	0.1890			0.0820		

**significant at the 5% level
*significant at the 10% level

TABLE 7: Reservation Wage Equation estimated by OLS
Dependent Variable: Log(Res.Wage)

Variable	Full Sample (N=1636)			Household Heads (N=985)			Wives (N=651)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	0.3569 **	0.1215	2.9384	0.1744	0.1462	1.1931	0.8132 **	0.2389	3.4038
Education	0.0446 **	0.0056	8.0227	0.0462 **	0.0068	6.7789	0.0418 **	0.0095	4.4134
Age	0.0203 **	0.0062	3.2667	0.0303 **	0.0072	4.2081	-0.0027	0.0129	-0.2136
Age Squared	-0.0002 **	0.0001	-2.5583	-0.0003 **	0.0001	-3.4762	0.0000	0.0002	0.2804
Networth (in $10,000 units)	0.0107 **	0.0032	3.4020	0.0120 *	0.0040	2.9849	0.0101 *	0.0055	1.8285
Networth (in $10,000 units) Squared	-0.0003 **	0.0001	-4.4866	-0.0003 **	0.0001	-4.4239	-0.0002 *	0.0001	-1.7752
Any Child	-0.0159	0.0267	-0.5954	-0.0001	0.0314	-0.0017	-0.0417	0.0520	-0.8019
Male	0.2172 **	0.0271	8.0187	0.1731 **	0.0352	4.9170	----	----	----
Unemployment Insurance	0.0004 *	0.0001	6.3403	0.0004 **	0.0001	5.8774	0.0003 **	0.0002	1.9108
Hours	0.0021 **	0.0008	2.6076	0.0016 **	0.0009	1.7885	0.0038 **	0.0017	2.2773
Other Household Income (in $1,000 units)	0.0178 **	0.0080	2.2248	0.0137	0.0121	1.1270	0.0299 **	0.0114	2.6225
Black	0.0133	0.0326	0.4070	0.0029	0.0344	0.0828	0.0191	0.0849	0.2247
Married	-0.0300	0.0264	-1.1334	0.0294	0.0456	0.6442	----	----	----
Adjusted R^2	0.1720			0.2250			0.0760		

Variable	Men (N=455)			Women (N=1181)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	-0.0488	0.2678	-0.1821	0.5825 **	0.1328	4.3856
Education	0.0514 **	0.0118	4.3427	0.0406 **	0.0061	6.6247
Age	0.0458 **	0.0133	3.4368	0.0129 *	0.0070	1.8381
Age Squared	-0.0005 **	0.0002	-2.7626	-0.0001	0.0001	-1.5776
Networth (in $10,000 units)	0.0143 **	0.0070	2.0626	0.0077 **	0.0037	2.0902
Networth (in $10,000 units) Squared	-0.0004 **	0.0001	-3.7653	-0.0002 *	0.0001	-1.7127
Any Child	0.0107	0.0619	0.1734	-0.0277	0.0290	-0.9551
Male	----	----	----	----	----	----
Unemployment Insurance	0.0004 **	0.0001	4.0235	0.0003 **	0.0001	3.0852
Hours	0.0020	0.0014	1.4068	0.0028 **	0.0010	2.7762
Other Household Income (in $1,000 units)	0.0253	0.0209	1.2072	0.0205 **	0.0083	2.4711
Black	-0.0825	0.0748	-1.1027	0.0445	0.0349	1.2755
Married	-0.0461	0.0648	-0.7119	-0.0335	0.0281	-1.1903
Adjusted R^2	0.1910			0.0870		

**significant at the 5% level
*significant at the 10% level

TABLE 8: Simultaneous Equation Model Full Sample

	Reservation Wage Equation			Offer-Acceptance Equation			Networth Equation		
	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.
Constant	0.3500	0.1017	3.4410	0.6933	0.6827	1.0160	-5.0604	1.7532	-2.8860
Networth (in $10,000 units)	0.0225	0.0058	3.8900						
Networth ^{2} (in $10,000 units)	-0.0001	0.0000	-2.0770						
Age	0.0248	0.0052	4.7980	-0.0629	0.0341	-1.8450	-0.1473	0.0917	-1.6070
Age ^{2}	-0.0003	0.0001	-3.9520	0.0005	0.0004	1.2090	0.0035	0.0012	2.9440
Black	0.0211	0.0282	0.7470	-0.3495	0.1916	-1.8240	-1.5649	0.4788	-3.2680
Education	0.0371	0.0063	5.8640	0.0781	0.0266	2.9370	0.7150	0.0770	9.2800
Hours	0.0008	0.0005	1.5980						
Unemployment Insurance	0.0720	0.0149	4.8490						
Other Household Income (in $1,000 units)	0.0049	0.0063	0.7820						
Children	0.0545	0.0224	2.4280						
Male	0.2618	0.0221	11.8630	0.3028	0.1600	1.8920	-0.9750	0.3796	-2.5680
Married	-0.0436	0.0215	-2.0260	-0.1219	0.1425	-0.8550	0.5189	0.3829	1.3550
Number of Contacts				0.4746	0.1591	2.9830			
Number of Past Spells of Unemployment>6 months				-0.0694	0.0859	-0.8080			
Household Earnings (t-1)							0.9121	0.1111	8.2130
Household Non-Earned Income (t-1)							1.3689	0.2002	6.8360
Children (t-1)							-1.1349	0.3969	-2.8590
σ_ε	0.6174	0.0107	57.8300						
σ_v	2.5731	0.0224	114.8170						
τ									
ρ_1	0.5459	0.0450	12.1410						
ρ_2	0.0542	0.0446	1.2140						
ρ_3	-0.3155	0.0902	-3.4970						

	Reservation Wage Equation			Offer-Acceptance Equation			Networth Equation		
	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.
Constant	0.2720	0.1026	2.6520	0.9285	0.5864	1.5830	-5.0187	1.7612	-2.8500
Networth (in $10,000 units)	0.0219	0.0058	3.7990						
Networth ^{2} (in $10,000 units)	-0.0001	0.0000	-2.3890						
Age	0.0249	0.0052	4.7730	0.0067	0.0281	0.2380	-0.1436	0.0918	-1.5640
Age ^{2}	-0.0003	0.0001	-3.9900	-0.0003	0.0003	-0.8100	0.0034	0.0012	2.8960
Black	0.0173	0.0281	0.6160	-0.2052	0.1452	-1.4140	-1.5657	0.4798	-3.2630
Education	0.0369	0.0063	5.8460	0.0347	0.0209	1.6610	0.7139	0.0771	9.2630
Hours	0.0028	0.0007	4.2250						
Unemployment Insurance	0.0693	0.0142	4.8750						
Other Household Income (in $1,000 units)	0.0075	0.0062	1.2110						
Children	0.0499	0.0221	2.2600						
Male	0.2428	0.0223	10.9020	0.0031	0.1184	0.0260	-1.0289	0.3908	-2.6330
Married	-0.0271	0.0215	-1.2600	-0.0250	0.1083	-0.2310	0.5532	0.3843	1.4390
Duration	0.0008	0.0005	1.6900	-0.0282	0.0020	-13.8180	-0.0030	0.0067	-0.4450
Number of Contacts				0.0452	0.0128	3.5200			
Number of Past Spells of Unemployment>6 months				-0.0502	0.0675	-0.7430			
Household Earnings (t-1)							0.9032	0.1132	7.9810
Household Non-Earned Income (t-1)							1.3821	0.2014	6.8610
Children (t-1)							-1.1435	0.3971	-2.8800
σ_ε	0.6218	0.0099	62.8770						
σ_v	2.5732	0.0224	114.7720						
τ									
ρ_1	0.7348	0.0636	11.5460						
ρ_2	0.0614	0.0543	1.1310						
ρ_3	-0.2885	0.0911	-3.1690						

TABLE 9: Simultaneous Equation Model Heads Sample

	Reservation Wage Equation			Offer-Acceptance Equation			Networth Equation		
	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.
Constant	0.1093	0.1241	0.8810	-1.4294	1.1084	-1.2900	-1.3310	1.6831	-0.7910
Networth (in $10,000 units)	0.0273	0.0146	1.8680						
Networth² (in $10,000 units)	-0.0003	0.0001	-3.8390						
Age	0.0370	0.0085	4.3410	-0.0207	0.0529	-0.3920	-0.3161	0.1187	-2.6630
Age²	-0.0004	0.0001	-3.1930	0.0001	0.0007	0.1560	0.0053	0.0016	3.3100
Black	0.0099	0.0310	0.3210	-0.5117	0.2443	-2.0950	-1.3403	0.2991	-4.4810
Education	0.0373	0.0128	2.9270	0.1924	0.0543	3.5410	0.6618	0.1548	4.2760
Hours	0.0004	0.0007	0.5900						
Unemployment Insurance	0.0643	0.0182	3.5380						
Other Household Income (in $1,000 units)	0.0056	0.0107	0.5250						
Children	0.0698	0.0271	2.5710						
Male	0.2083	0.0278	7.5020	0.3961	0.2490	1.5910	-0.2839	0.3835	-0.7400
Married	-0.0001	0.0362	-0.0040	-0.2829	0.2919	-0.9690	0.1788	0.5191	0.3440
Number of Contacts				0.7192	0.3275	2.1960			
Number of Past Spells of Unemployment>6 months				-0.1508	0.1724	-0.8750			
Household Earnings (t-1)							0.6507	0.2458	2.6470
Household Non-Earned Income (t-1)							1.1583	0.8278	1.3990
Children (t-1)							-0.7054	0.3631	-1.9430
σ_ε	0.6201	0.0169	36.6510						
σ_v	2.3935	0.1498	15.9800						
τ									
ρ_1	0.6392	0.0769	8.3170						
ρ_2	0.0967	0.0889	1.0880						
ρ_3	-0.2085	0.2054	-1.0150						

	Reservation Wage Equation			Offer-Acceptance Equation			Networth Equation		
	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.
Constant	0.0887	0.1254	0.7080	0.1520	0.9543	0.1590	-1.1414	1.9661	-0.5810
Networth (in $10,000 units)	0.0316	0.0092	3.4240						
Networth² (in $10,000 units)	-0.0003	0.0001	-5.2240						
Age	0.0336	0.0072	4.6770	0.0123	0.0479	0.2560	-0.3171	0.0985	-3.2180
Age²	-0.0004	0.0001	-3.7450	-0.0004	0.0006	-0.6310	0.0052	0.0013	4.1900
Black	0.0049	0.0328	0.1500	-0.4407	0.2041	-2.1600	-1.3511	0.4709	-2.8690
Education	0.0365	0.0085	4.3030	0.1492	0.0414	3.6060	0.6606	0.0883	7.4820
Hours	0.0029	0.0008	3.6710						
Unemployment Insurance	0.0675	0.0163	4.1510						
Other Household Income (in $1,000 units)	-0.0037	0.0102	-0.3600						
Children	0.0635	0.0272	2.3360						
Male	0.1866	0.0285	6.5480	-0.1063	0.2196	-0.4840	-0.3291	0.4581	-0.7190
Married	0.0325	0.0334	0.9720	0.1322	0.2612	0.5060	0.2021	0.5286	0.3820
Duration	0.0013	0.0006	1.9860	-0.0359	0.0044	-8.2440	-0.0035	0.0080	-0.4370
Number of Contacts				0.0548	0.0194	2.8200			
Number of Past Spells of Unemployment>6 months				-0.0992	0.1133	-0.8760			
Household Earnings (t-1)							0.6737	0.1502	4.4850
Household Non-Earned Income (t-1)							1.1636	0.1916	6.0720
Children (t-1)							-0.7355	0.4388	-1.6760
σ_ε	0.6298	0.0126	49.9440						
σ_v	2.3932	0.0275	87.0820						
τ									
ρ_1	0.7292	0.0556	13.1260						
ρ_2	0.0334	0.0752	0.4450						
ρ_3	-0.2559	0.1240	-2.0630						

TABLE 10: Simultaneous Equation Model Wives Sample

	Reservation Wage Equation			Offer-Acceptance Equation			Networth Equation		
	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.
Constant	0.7650	0.2032	3.7650	3.3414	1.3612	2.4550	-10.8154	3.8939	-2.7780
Networth (in $10,000 units)	0.0251	0.0104	2.4100						
Networth² (in $10,000 units)	0.0000	0.0000	0.5800						
Age	0.0059	0.0087	0.6760	-0.1414	0.0548	-2.5800	0.1090	0.1654	0.6590
Age²	-0.0001	0.0001	-0.8680	0.0013	0.0007	1.9300	0.0008	0.0022	0.3770
Black	0.0074	0.0493	0.1500	0.2063	0.4333	0.4760	-3.1097	0.5246	-5.9280
Education	0.0316	0.0119	2.6630	0.0053	0.0593	0.0890	0.7988	0.1976	4.0420
Hours	0.0002	0.0007	0.2420						
Unemployment Insurance	0.0397	0.0293	1.3550						
Other Household Income (in $1,000 units)	0.0160	0.0086	1.8500						
Children	0.0241	0.0401	0.6010						
Number of Contacts				1.2103	0.8709	1.3900			
Number of Past Spells of Unemployment>6 months				0.0692	0.1306	0.5290			
Household Earnings (t-1)							0.9551	0.2761	3.4590
Household Non-Earned Income (t-1)							2.2361	0.7106	3.1470
Children (t-1)							-1.6790	0.8411	-1.9960
σ_ε	0.6140	0.0305	20.0970						
σ_v	2.7488	0.1932	14.2300						
τ									
ρ_1	0.5068	0.1082	4.6860						
ρ_2	0.1135	0.0582	1.9500						
ρ_3	-0.4627	0.1630	-2.8380						

	Reservation Wage Equation			Offer-Acceptance Equation			Networth Equation		
	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.	Estimate	S.E.	Est./S.E.
Constant	0.6663	0.2085	3.1960	4.6281	1.5673	2.9530	-10.7970	4.0347	-2.6760
Networth (in $10,000 units)	0.0257	0.0105	2.4490						
Networth² (in $10,000 units)	0.0000	0.0000	0.4350						
Age	0.0063	0.0087	0.7280	-0.1510	0.0691	-2.1860	0.1133	0.1659	0.6830
Age²	-0.0001	0.0001	-0.9480	0.0014	0.0008	1.7610	0.0008	0.0022	0.3560
Black	0.0179	0.0501	0.3570	0.5483	0.4877	1.1240	-3.0744	0.5267	-5.8370
Education	0.0335	0.0120	2.7910	0.0291	0.0568	0.5130	0.8067	0.2006	4.0210
Hours	0.0020	0.0010	2.0030						
Unemployment Insurance	0.0389	0.0287	1.3540						
Other Household Income (in $1,000 units)	0.0154	0.0084	1.8350						
Children	0.0255	0.0400	0.6380						
Duration	0.0010	0.0007	1.3660	-0.0319	0.0062	-5.1640	-0.0054	0.0140	-0.3850
Number of Contacts				1.7273	0.5143	3.3590			
Number of Past Spells of Unemployment>6 months				0.2263	0.1621	1.3960			
Household Earnings (t-1)							0.9552	0.2875	3.3230
Household Non-Earned Income (t-1)							2.1986	0.7273	3.0230
Children (t-1)							-1.6775	0.8298	-2.0220
σ_ε	0.6145	0.0306	20.0540						
σ_v	2.7483	0.1942	14.1520						
τ									
ρ_1	0.5357	0.1116	4.7990						
ρ_2	0.1084	0.0600	1.8060						
ρ_3	-0.4602	0.1653	-2.7840						

TABLE 11: Effects of Wealth and Income on Search Intensity: Estimation by OLS
Dependent Variable: Search Methods Index

Variable	Full Sample (N=1636)			Household Heads (N=985)			Wives (N=651)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	0.436383 **	0.1369	3.187768	0.536641	0.1847	2.9049	0.031615	0.2179	0.14509
Education	0.012659 **	0.0063	2.021177	0.011823	0.0086	1.3726	0.019491 **	0.0086	2.26271
Age	0.009867	0.007	1.405922	0.009114	0.0091	1.0031	0.015956	0.0117	1.36113
Age Squared	-0.000137	9E-05	-1.523906	-0.000164	0.0001	-1.415	-0.000167	0.0002	-1.1114
Networth (in $10,000 units)	-0.004596	0.0036	-1.292363	-0.004736	0.0051	-0.931	-0.009563 *	0.005	-1.899
Networth (in $10,000 units) Squared	0.000061	7E-05	0.861631	0.000002	9E-05	0.0183	0.00028 **	0.0001	2.27361
Any Child	-0.020754	0.03	-0.690905	-0.043612	0.0397	-1.1	-0.002964	0.0473	-0.0627
Male	0.227086 **	0.0307	7.386346	0.136319 **	0.0447	3.0514	----	----	----
Unemployment Insurance	0.000427 **	7E-05	5.961573	0.000284 **	9E-05	3.3434	0.000978 **	0.0001	6.56563
Other Household Income (in $1,000 units)	-0.032187 **	0.009	-3.573948	-0.025151 *	0.0153	-1.643	-0.034886 **	0.0104	-3.3639
Black	0.056676	0.0366	1.548845	-0.00212	0.0433	-0.049	0.241126 **	0.0773	3.11952
Unemployment Duration	-0.005182 **	0.0005	-9.891858	-0.004534 **	0.0007	-6.095	-0.005162 **	0.0007	-7.4145
Married	-0.091066 **	0.0297	-3.063624	0.095033 **	0.0575	1.6542	----	----	----
Adjusted R^2	0.187			0.146			0.1680		

Variable	Men (N=455)			Women (N=1181)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	0.744686	0.2321	3.2082	0.389053 *	0.1663	2.33909
Education	0.013317	0.0104	1.2792	0.015818 **	0.0076	2.07036
Age	0.004552	0.0118	0.3869	0.009672	0.0088	1.10208
Age Squared	-0.000131	0.0001	-0.897	-0.000119	0.0001	-1.0426
Networth	-0.013576 **	0.0061	-2.221	-0.005352	0.0046	-1.1608
Networth Squared	0.00004	9E-05	0.4346	0.000206 *	0.0001	1.86725
Any Child	-0.073314	0.0546	-1.343	-0.015696	0.0362	-0.4341
Male	----	----	----	----	----	----
Unemployment Insurance	0.000191 **	8E-05	2.2882	0.000892 **	0.0001	7.03583
Other Household Income (in $1,000 units)	-0.007303	0.0185	-0.395	-0.037298 **	0.0103	-3.6166
Black	0.019235	0.0654	0.294	0.064559	0.0433	1.49129
Unemployment Duration	-0.003399 **	0.001	-3.43	-0.005083 **	0.0006	-8.2725
Married	0.149591 **	0.0572	2.6136	-0.145446 **	0.0349	-4.1618
Adjusted R^2	0.1			0.1490		

**significant at the 5% level
*significant at the 10% level

TABLE 12: Effects of Wealth and Income on Search Intensity: Estimation by OLS
Dependent Variable: Number of Contacts

Variable	Full Sample (N=1636)			Household Heads (N=985)			Wives (N=651)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	-3.10613 **	1.4943	-2.078655	-5.171597 **	2.154	-2.400937	0.034891	2.0155	0.01731
Education	0.392102 **	0.0684	5.73501	0.532749 **	0.1004	5.304657	0.224935 **	0.0797	2.82325
Age	0.196237 **	0.0766	2.561421	0.253454 **	0.1059	2.392393	0.049558	0.1084	0.45708
Age Squared	-0.002653 **	0.001	-2.709292	-0.003542 **	0.0014	-2.617398	-0.000681	0.0014	-0.4901
Networth (in $10,000 units)	-0.062352	0.0388	-1.606324	-0.105055 *	0.0593	-1.771561	-0.024803	0.0466	-0.5325
Networth (in $10,000 units) Squared	0.000803	0.0008	1.043159	0.001088	0.001	1.049558	0.000568	0.0011	0.49894
Any Child	0.152963	0.3279	0.466489	0.447464	0.4624	0.967692	-0.237364	0.4374	-0.5426
Male	2.377239 **	0.3356	7.083635	1.959434 **	0.5209	3.761702	----	----	----
Unemployment Insurance	0.007548 **	0.0008	9.66344	0.006576 **	0.001	6.630535	0.010556 **	0.0014	7.66556
Other Household Income (in $1,000 units)	-0.253242 **	0.0983	-2.57601	-0.372052 **	0.1784	-2.085075	-0.092923	0.0959	-0.9688
Black	-0.086706	0.3994	-0.217071	-0.288202	0.5053	-0.57032	-0.179367	0.7149	-0.2509
Unemployment Duration	-0.04184 **	0.0057	-7.316517	-0.041886 **	0.0087	-4.828799	-0.0392 **	0.0064	-6.0875
Married	-0.767991 **	0.3245	-2.366888	0.260059	0.6699	0.38822	----	----	----
Adjusted R^2	0.199			0.171			0.1680		

Variable	Men (N=455)			Women (N=1181)		
	Coefficient	S.E.	t-Stat.	Coefficient	S.E.	t-Stat.
Constant	-2.283822	3.6613	-0.623766	-2.004481 **	1.4697	-1.3638
Education	0.709844 **	0.1642	4.322919	0.27592 **	0.0675	4.08685
Age	0.127209	0.1856	0.685394	0.183216 **	0.0776	2.36252
Age Squared	-0.00199	0.0023	-0.863691	-0.002432 **	0.001	-2.4152
Networth (in $10,000 units)	-0.19401 **	0.0964	-2.012356	-0.037585	0.0407	-0.9225
Networth (in $10,000 units) Squared	0.001511	0.0015	1.031472	0.001298	0.001	1.32968
Any Child	0.724124	0.8609	0.84112	-0.090817	0.3195	-0.2843
Male	----	----	----	----	----	----
Unemployment Insurance	0.004891 **	0.0012	3.9650	0.012195 **	0.0011	10.8908
Other Household Income (in $1,000 units)	-0.574497 **	0.2407	-2.4131	-0.159215 *	0.0911	-1.7471
Black	-1.007604	0.8893	-0.6585	0.315256	0.3825	0.82412
Unemployment Duration	-0.044879 **	0.0133	-3.4239	-0.036005 **	0.0054	-6.6316
Married	0.512005	0.8316	0.8731	-1.073596 **	0.3088	-3.4765
Adjusted R^2	0.127			0.185		

**significant at the 5% level
*significant at the 10% level