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Family and the economy: recent evolutions and new perspectives

One of the most striking phenomena of the last decades is the remarkable increase in female (college) education. It has been known, for quite sometime, that the college wage premium almost doubled between 1980 and 2005 (in the US, from less than 35% to more than 60%); and the benefits of post graduate education have increased at an even faster pace. In many countries, this has triggered an impressive growth in female demand for college education. If we consider the population aged 30 to 40 in the US, the fraction of women with college education has overcome the male ratio since the mid 90s; the same now holds for graduate degrees as well (see Fig. 1).

Source: Chiappori, Iyigun, Weiss 2010

Even more interesting is the fact that the same phenomenon has taken place, under different forms, in most countries in the world. The following pictures, borrowed from Becker, Hubbard and Murphy, considers a sample of 70 countries divided in two equal subgroups by per capita GDP. On average, women are more educated in the sample of richer countries. In the poorer part of the sample, while the proportion of college educated men remains slightly larger, the increase in female education has been nothing short of spectacular. The fraction of educated women was about a quarter of that of men in 1970, against 80% in 2010; there are more educated women in poorer countries now than there was in richer countries in the 70s.

This change has had a deep impact on marital patterns. In their recent study based on US data, Chiappori, Iyigun and Weiss show that, in the 70s, two third of women with a master degree or above would marry a man with similar education; among college graduate women, more than a third would marry ‘up’ and less than a fourth would marry down. Male statistics display the opposite pattern; for instance, 80% of male with a graduate degree would marry down, including more than 40% who would marry women without a college degree. This is in sharp contrast with the situation in the late 90s- early 2000s, where 57% of women with a master degree marry down, and only one sixth of college educated women marry up. All in all, while the strong, assortative matching patterns persist (husband and wife have the same education in more than half the couples), there are now more couples in which the wife is more educated than the husband than the opposite.

What are the impacts of these changes on the family? Arguably, many aspects will be deeply affected. Female labor supply and participation to the labor market has increased, resulting in a drop in intrahousehold inequality (Lise and Seitz 2007). This, in turn, will impact the patterns

of investment, especially on children's human capital. Another fundamental role of (extended) families, namely risk sharing in a broad sense, will also be affected. Studying these changes will be an important research topic for the forthcoming years.

References

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