

ECONOMICS 586

THE ECONOMICS OF THE FAMILY

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Office Hours:
Tuesday, 4:45-5:45
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This course treats arguably the single most important institution in American society: the family. It is the source of most domestic consumption expenditure as well as most of the labor supplied to the economy. More fundamentally, it, in its many forms, is the locus of child rearing, the process by which the next generation of citizens and economic actors is created. We will employ microeconomic theory and other advanced tools to the study of the economic situation of the contemporary family.

This is an advanced course in economics; therefore, you *must have successfully passed intermediate microeconomics (Econ 410)*. Graduate students should check with Prof. Turchi. You will also find it extremely helpful already to have completed Economics 400 (Statistics) or an equivalent course.

The format of the course is lecture/discussion. There will be a final exam (15% of the final grade), an essay midterm (25%), a term paper (25%), a group paper on some aspect of family policy (20%), a group oral presentation of your term paper (10%) and a notebook containing your “reading reports” (5%). Other exercises designed to aid in comprehension of the material may be assigned as needed.

Books for Purchase:

Recommended Purchase: Paul D. Allison, *Multiple Regression: A Primer*. Thousand Oaks, CA: Pine Forge Press, 1999. This is a very useful and clearly written guide to regression analysis of which you will see a lot in this course.

You may also need to refer back to an intermediate microeconomics book at various times in the course, particularly at the beginning.

Much of the reading that you will do in this course will be in articles from economics and other journals, and in chapters from books. The reading list that follows contains two types of readings, required and optional. *Readings marked with an asterisk (*) are optional; all others are required.* All of the readings are on print reserve in the undergraduate library. Some are also on the course web site (®). I have also prepared a **Course-Pak** (©) that contains most articles for which Reading Reports are required (i.e., those marked with “@”), and a supply of Reading Report forms. A number of readings are available on the web through the electronic resources of Davis Library (e.g., JSTOR). Use the reserve collection for other items.

A course outline and schedule follow. Both are *tentative* at this point because this is an evolving course in an emerging field. If we deviate from the schedule, I will keep you informed as to where you ought to be.

The Economics Department administration has requested that the following policy be implemented:

Personal Electronic Devices	Unless explicitly authorized, you are not permitted to use a laptop computer, tablet computer, smart phone, or cell phone during class. Watching movies and videos, playing games, checking the scores on espn.com, and chatting with your friends are disruptive behavior that will not be tolerated.
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Tentative Course Outline

- I. Introduction: The Family as an Economic Unit (Aug 23, 25, 30) (Sep 6: read Pickford-Santos & do reading report)
- A. Lecture on the Regression Analysis/Theory of Family Policy and Introduction to Policy Memo Project (Sep 1)
- B. Microeconomic Theory Review (No assigned reading; use this time to read in marriage section)(Sep 8, 13)

Student 5 minute Presentations begin Sep 8

- C. Becker's "New Home Economics" (No assigned reading; read ahead in marriage section) (Sep 15, 20)
- II. Family Formation (Sep 22, 27, 29)
- A. The marriage decision as an economic decision
- B. The marriage market
- C. Cohabitation

III. Family Dissolution

- A. The decision to divorce & the role of the economic system in affecting divorce (Oct 4, 6, 18)

Class Discussion on Family Policy Memos Oct 11, 13

Fall Break Oct 20

- B. The economic consequences of divorce (Oct 25, 27, Nov 1)

Midterm Exam Nov 5

IV. The Allocation of Resources and Power Within Households (Nov 8, 10)

- A. Allocation of goods: the financial cost of children
- B. Allocation of time (sex roles)
- C. Parental time spent in child rearing

V. Reproductive Behavior and Labor Force Participation (Nov 15, 17)

- A. The demand for children
- B. The economics of contraceptive choice
- C. The black market for babies -- unintended consequences of Roe v. Wade

Term Paper Due Thursday, Nov 17

VI. Families in Poverty and the Distribution of Income and Wealth (22, 29)

VII. Family Policy Redux (Dec 1)

Thanksgiving Break Nov 24

Dec 6: Student Presentations of Term Papers - Extended Class until 7:30 p.m.

Final examination: Thursday, Dec 15th @ 4 p.m.

Economics 586: The Economics of The Family

Reading List

Professor Boone A. Turchi

“*“ = optional

“©“ = included in course pak

“®“ = on course web site

“@“ = reading report required

1 Introduction

- Popenoe, David. 1993. “American Family Decline, 1960-1990: A Review and Appraisal.” *Journal of Marriage and the Family* Vol. 55. (With comments by Glenn, Stacey, Cowan & reply by Popenoe): 527-555.
- *Cherlin, Andrew J. 2009. *The Marriage-Go-Round: The State of Marriage and the Family in America Today*. New York: Alfred J. Knopf. Chapters 1-3.
- ©©©Becker, Gary S. 1981. *A Treatise on the Family*. Cambridge: Harvard University Press. Chapter 11, “The Evolution of the Family,” pp. 237-256.
- ®Schumpeter, Joseph A. 1988. “Schumpeter on the Disintegration of the Bourgeois Family.” *Population and Development Review* 14(3): 499-506.
- ®@Folbre, Nancy. 1986. “Hearts and Spades: Paradigms of Household Economics.” *World Development* 14(2): 245-256.
- ©©©Goode, William J. 1982. *The Family*. Englewood-Cliffs, NJ. Chapter 1, “The Theoretical Importance of the Family,” pp. 1-13.
- ®Folbre, Nancy and Julie A. Nelson. 2000. “For Love or Money -- Or Both?” *Journal of Economic Perspectives* 14(4), Fall: 123-140.
- *Wharton, Edith. 1948. *The Age of Innocence*. New York: D. Appleton.
- *Seth, Vikram. 1993. *A Suitable Boy*. New York: HarperCollins.

2 Family Formation

- *Cherlin (2009), Chapters 4-6.

2.1. Cohabitation

- ®Bumpass, Larry and Hsien-Hen Lu, 2000. “Trends in cohabitation and implications for children’s family contexts in the United States,” *Population Studies* 54: 29-41.
- ®@Ressler, Rand W. and Melissa S. Waters, 1995. “The Economics of Cohabitation,” *Kyklos* 48(4): 577-592.
- ®@Lichter, Daniel T., Zhenchao Qian and Leanna M. Mellott, 2006. “Marriage or Dissolution? Union Transitions Among Poor Cohabiting Women,” *Demography* 43(2): 223-240.
- *Cherlin (2009), Chapters 7-8.

2.2. Marriage

- ©©©Santos, Fredricka Pickford. 1975. “The Economics of Marital Status.” In *Sex, Discrimination, and the Division of Labor*, edited by Cynthia B. Lloyd, 244-268. New York: Columbia University Press.
- *Grossbard, Amyra Schechtman. 1980. “The Economics of Polygamy.” In *Research in Population Economics*, Vol 2, 321-350. Greenwich, CT: JAI Press.

3 Divorce

3.1. Causes

- *Becker, Gary S., Elisabeth Landes, and Robert T. Michael. 1977. “An Economic Analysis of Marital Instability.” *Journal of Political Economy* 85(6): 1141-1187.
- ©@Lehrer, Evelyn L. 1988. “Determinants of Marital Instability: A Cox-Regression Model.” *Applied Economics* 20: 195-210.
- ©@South, Scott J. and Glenna Spitze. 1986. “Determinants of Divorce Over the Marital Life Course.” *American Sociological Review* 51 (August): 583-590.

- ©@Jensen, Peter and Nina Smith. 1990. "Unemployment and Marital Dissolution." *Journal of Population Economics* 3: 215-229.
- ©@Morgan, S. Philip, Diane N. Lye and Gretchen A. Condran. 1988. "Sons, Daughters, and the Risk of Marital Disruption." *American Journal of Sociology* 94(1) July: 110-129.
- ®@Brinig, Margaret F. 2000. "These Boots Are Made for Walking: Why Most Divorce Filers Are Women." *American Law and Economics Review*, 2(1) Summer: 126-169.
- ©@Hill, Martha S. 1988. "Marital Stability and Spouses' Shared Time." *Journal of Family Issues* 9(4) December: 427-451.

3.2. Consequences

- ®@Gruber, Jonathan. 2004. "Is Making Divorce Easier Bad for Children? The Long Run Implications of Unilateral Divorce." *Journal of Labor Economics* 22(4):799-833.
- ®@Rowthorn, Robert. 1999. "Marriage and Trust: Some Lessons from Economics." *Cambridge Journal of Economics* 23: 661-691.
- ©@Seltzer, Judith A., and Irwin Garfinkel. 1990. "Inequality in Divorce Settlements: An Investigation of Property Settlements and Child Support Awards." *Social Science Research* 19 (March): 82-111.
- ©@Teachman, Jay D. 1991. "Who Pays? Receipt of Child Support in the United States." *Journal of Marriage and the Family* 53 (August): 759-772.
- ©@Beron, Kurt J. 1988. "Applying the Economic Model of Crime to Child Support Enforcement: A Theoretical and Empirical Analysis." *Review of Economics and Statistics* 70(3): 382-390.

3.3. Alimony

Landes, Elizabeth. 1978. "Economics of Alimony." *Journal of Legal Studies* 7(1): 35-63.

4 Allocation of Income, Time & Power within the Household

- ®Gershuny, Jonathan, and John P. Robinson. 1988. "Historical Changes in the Household Division of Labor." *Demography* 25(4): 537-552.
- ®Lundberg, Shelly and Robert Pollak. 1996. "Bargaining and Distribution in Marriage." *Journal of Economic Perspectives* 10(4) Fall: 139-158.
- ©@Desai, Sonalde, Lindsay P. Chase-Lansdale and Robert T. Michael. 1989. "Mother or Market? Effects of Maternal Employment on the Intellectual Ability of 4-Year-Old Children." *Demography* 26(4): 545-561.

5 Reproductive Behavior

Turchi, Boone A. 1991. "How Economics, Psychology, and Sociology Might Produce a Unified Theory of Fertility and Labour Force Participation." in *Female Labour Market Behaviour and Fertility: A Rational-Choice Approach*, edited by J. Siegers, J. de Jong-Gierveld, and E. van Imhoff. Berlin: Springer-Verlag: 237-262.

6 Families in Poverty and the Distribution of Wealth

- Levy, Frank. 1987. "Changes in the Distribution of American Family Incomes, 1947-1984." *Science* 236(4804): 923-927.
- ©@Chevan, Albert and Randall Stokes. 2000. "Growth in Family Income Inequality, 1970-1990: Industrial Restructuring and Demographic Change." *Demography* 37(3): 365-380.
- ®Smith, James P. 1989. "Children among the Poor." *Demography* 26(2): 235-248.

7 Family Policy

- ®Swan, George Steven. 1986. "The Political Economy of American Family Policy, 1945-85." *Population and Development Review* 12(4): 739-758.
- ®Becker, Gary S. and Kevin M. Murphy. 1988. "The Family and the State." *Journal of Law and Economics* 31(1): 1-18.