

## **Workshop - “Socio-economic inequality and mobility” (Lalive)**

### **Title**

*Family Status and Wages of Men: New Evidence from the U.S., the U.K., Germany, and Switzerland*

### **Authors**

*Volker Ludwig, TU Kaiserslautern (Department of Social Science)*

*Josef Brüderl, LMU Munich (Institute of Sociology)*

### **Abstract**

For decades, there has been a consensus that marriage benefits men’s hourly wages. The main explanation has been gender role specialization within the household. Recent studies challenged this view suggesting that there is no causal marital wage premium (MWP) for men in the United States (Ludwig and Brüderl 2018, Killewald and Lundberg 2017). There is evidence that such a premium is spurious and most likely due to selection processes in the marriage market. In this paper, we argue that this critique of the MWP applies to the literature on family related wage gaps (“family premiums”) more generally. To this end, we broaden the scope of the study by Ludwig and Brüderl (2018) in two ways.

First, we extend the analysis to European countries. We use long-lasting panel studies from the U.S., the U.K, Switzerland, West Germany, and East Germany. With pooled OLS (POLS), we find a large and significant MWP in all five countries, ranging from 26 percent in the U.S. to 7 percent in Switzerland. With conventional fixed-effects estimation (FE), the MWP reduces substantially for each country. For Switzerland it is merely 3 percent and insignificant. For East Germany, it is very close to zero. Finally, using an extended FE model that allows for individual-specific constants and slopes (FEIS) (Brüderl and Ludwig 2015, Wooldridge 2010), the MWP vanishes also for the U.S, the U.K. and West Germany. These results demonstrate that the MWP is not causal, but most likely due to selection of men with steeper wage growth into marriage.

Second, we ask whether similar results obtain for other family transitions like cohabitation and fatherhood. Previous literature using FE reported premiums for these transitions. We also find such premiums in our five countries. However, they disappear when we use FEIS. Thus, it seems that family premiums for men are not causal, but spurious in general.

### **References**

- Brüderl, Josef and Volker Ludwig. 2015. “Fixed-effects panel regression”, Pp. 327–359 in *The Sage handbook of regression analysis and causal inference*, edited by Henning Best and Christof Wolf. London: SAGE.
- Killewald, Alexandra and Ian Lundberg. 2017. “New Evidence Against a Causal Marriage Wage Premium.” *Demography* 54:1007–1028.
- Ludwig, Volker and Josef Brüderl. 2018. “Is There a Male Marital Wage Premium? New Evidence from the United States.” *American Sociological Review* 83: 744–770.
- Wooldridge, Jeffrey. 2010. *The Econometrics of Cross-Section and Panel Data*. 2nd ed. Cambridge: MIT Press.