"Partner Choice and the Marital College Premium"

Abstract

Several theoretical contributions have argued that the returns to schooling within marriage play a crucial role for human capital investments. We investigate these claims using a structural model of household decision making, in which individual preferences are of the Transferable Utility (TU) type and agents have idiosyncratic preferences for marriages that may be correlated with education. In a frictionless matching context, we derive a complete, theoretical characterization of the model. We show that if the supermodularity of the resulting surplus function is invariant over time, the model is overidentified even if the surplus function varies over time. We apply our method to US data on individuals born between 1943 and 1972. Our model fits the data very closely, showing that changes in preferences towards assortative matching are not necessary to explain changes in matching patterns. We find that the deterministic part of the surplus is indeed supermodular and that, in line with theoretical predictions, the "marital college premium" has increased for women but not for men over the period.