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### Marriage, Cohabitation and Women's Response to Changes in the Male Wage Structure

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**Marriage, cohabitation and women's response  
to changes in the male wage structure**

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## ABSTRACT

Using micro data and grouped data that cover the period 1996-2006, we assess the extent to which cohabiting women adjust their labour supply to a lesser extent, if any, than married women in response to changes in male wages. Both micro data regressions and grouping estimators unambiguously indicate that cohabiting women respond less to variation in male wages than married women. However, the magnitude of the difference is not sizeable. Combined with the fact that married men's and cohabiting men's own-wage elasticities do not differ much, this explains why the impact of changes in male wages on family earnings ends up being very similar for married couples and cohabiting couples.

**Keywords:** marriage, cohabitation, women's labour supply.

JEL classification code: J2

## *Executive summary*

In this study, we assess whether cohabiting women adjust their labour supply to a lesser extent than married women in response to changes in male wages. While marriage itself has become less prevalent and less stable, common-law has grown to be the most common model of entry into conjugal relationships. In Quebec and in some European countries (e.g., Sweden), cohabitation has progressed from a prelude to marriage to an alternative family environment to have and raise children. Hence, quantifying the labour supply responses of cohabiting women and married women to changes in male wages (as well as their own wages) is critical for a thorough assessment of families' responses to wage shocks.

We first estimate labour supply functions for both groups of women using cross-sectional micro data from the 1996 and 2006 censuses. We also estimate female labour supply functions using grouping estimators. This allows us to provide further evidence on the degree to which married women and cohabiting women respond to changes in male wages.

Both micro data regressions and grouping estimators indicate that cohabiting women respond less to variation in male wages than married women. However, the magnitude of the difference is not sizeable. Since married men's and cohabiting men's own-wage elasticities do not differ much and on average men had a larger share in family earnings than women, the end result is that the impact of changes in male wages on family earnings is very similar for married couples and cohabiting couples.

We also find that cohabitating women in both Quebec and the rest of Canada are quite similar in that they are less responsive to male wages than married women even though cohabitation is much more prevalent in Quebec.