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Husbands' job loss and wives' labor force participation during economic downturns: are all recessions the same?

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Husbands' job loss and wives' labor force participation during economic downturns: are all recessions the same? : Monthly Labor Review: U.S. Bureau of Labor Statistics



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Husbands' job loss and wives' labor force participation during economic downturns: are all recessions the same?

ARTICLE

Earlier research showed an added-worker effect for wives when their husbands stopped working during the Great Recession (December 2007–June 2009) but not when husbands stopped working in recent years of prosperity (2004–2005). By including one recession per decade for the 1980s, 1990s, and 2000s, this article builds upon that research by using Current Population Survey data to compare wives' labor force responses to their husbands stopping work across three recessions to determine whether wives' employment responses during the Great Recession differed from those during earlier recessions. Additionally, we hypothesize motivations for wives entering the labor force and consider the occupations they enter. Across all three recessions included in this study, wives entered the labor force more often when their husband stopped working. More nuanced analyses show that during both the Great Recession and the 1990–1991 recession, wives were more likely to seek work and find a job if their husband became not employed, while in the 1981–1982 recession wives were more likely to seek work but less likely to find a job. We also find that wives who started a job during the Great Recession or the 1990–1991 recession were more likely to enter service occupations than professional or managerial occupations, but this was not the case during the 1981– 1982 recession. Furthermore, during the three recessions, college-educated wives who started a job were more likely than wives with less education to enter professional and managerial occupations relative to service occupations or other occupations. However, these newly employed collegeeducated wives were somewhat more likely to enter service or other occupations than their collegeeducated counterparts who were employed continuously.

The recent economic recession, widely dubbed the "Great Recession,"¹ has brought several issues that typify challenging economic times to the fore of both family life and national policy discussions. Recessions are generally characterized by high unemployment, income declines, losses on investments, high rates of home foreclosures, and a reduction in the availability of credit.² As a result, families often face daily pressures during recessions and must find ways of dealing with new economic challenges.

Although the Great Recession is widely acknowledged as the nation's worst financial situation since the Great Depression, research is just beginning to reveal how it compares to previous recessions.³ During the Great Recession, job loss among the highly educated was more prevalent than in other recent recessions,⁴ and women's increased education may have allowed families new options in responding to economic strain. One strategy couples have been using since at least the Great Depression is to have wives who were not in the labor force seek employment if their husband stops working.⁵ Such a strategy can both buffer income loss and, in some cases, provide continued access to employment-related benefits, including health insurance coverage.



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Although the proportion of families characterized by a sole male breadwinner declined from 56 percent in 1970 to 25 percent in 2001,⁶ many married couples at the onset of the Great Recession were made up of an employed husband and a wife outside of the labor force. Given the changing demographics, increased female education, and economic restructuring over the past 30 years—all factors that have increased job opportunities for women²—one might expect wives in sole male breadwinner families to be better prepared to enter the labor force during the Great Recession than during past recessions.

Previous research found that wives who were out of the labor force more often sought and found work during the Great Recession if their husband had stopped working than did wives of husbands who stopped working during 2004–2005, a period of relative prosperity.⁸ However, this change was not equal for all women: wives with at least some college education were more likely to enter the labor force and more likely to find work than were those who had not completed high school, indicating that education was an important determinant of both seeking and landing a job. Likewise, the economic context during which the husband stopped working (i.e., whether the country was in recession or not) played a role in whether the wife undertook a job search and gained employment. Wives were less responsive to husbands' job loss during 2004–2005, years of economic prosperity.⁹ Given that the Great Recession had much worse economic outcomes compared with previous recessions, these factors in combination may translate into an environment where wives were much more likely to enter the labor force during the Great Recession than in earlier recessions.

Notes

 1 According to the National Bureau of Economic Research, this recession began in December 2007 and ended in June 2009.

² Losses in investments are discussed in John Irons, "Economic scarring: the long-term impacts of the recession," EPI briefing paper no. 243 (Washington, D.C.: Economic Policy Institute, 2009). The reduction in the availability of credit is discussed in Randy Albelda and Christa Kelleher, "Women in the down economy: impacts of the recession and the stimulus in Massachusetts," policy brief, The Center for Women in Politics and Public Policy, the Center for Social Policy, and the Massachusetts Commission on the Status of Women, March 2010, http://archives.lib.state.ma.us/bitstream/handle/2452/50058/ocn649853456.pdf?sequence=1.

³ David B. Grusky, Bruce Western, Christopher Wimer, eds., *The Great Recession* (New York: Russell Sage Foundation, 2011).

⁴ Henry S. Farber, "Job loss in the Great Recession: historical perspective from the Displaced Workers Survey,"
1984–2010, NBER working paper no. 17040 (Washington, DC: National Bureau of Economic Research, May 2011).

⁵ Jeffrey K. Liker and Glen H. Elder, Jr., "Economic hardship and marital relations in the 1930s," *American Sociological Review* 48, 1983, pp. 343–359.

⁶ Sarah B. Raley, Marybeth J. Mattingly, and Suzanne M. Bianchi, "How dual are dual-income couples? Documenting change from 1970 to 2001," *Journal of Marriage and Family*, February 2006, pp. 11–28.

² Kristin E. Smith, "Changing Roles: Women and Work in Rural America," in Kristin E. Smith and Ann R. Tickamyer, eds., *Economic restructuring and family well-being in rural America* (University Park: Pennsylvania State University Press, 2011), pp. 60–81.

<u>8</u> Reasons for stopping work include losing a job, leaving a job, retirement, and on temporary layoff. Marybeth J. Mattingly and Kristin E. Smith, "Changes in wives' employment when husbands stop working: a recession–prosperity comparison," *Family Relations*, October 2010, pp. 343–357.

⁹ Ibid.

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