

Why do Smokers Divorce? Time Preference and Marital Stability

Janice Compton*
Department of Economics
University of Manitoba

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Abstract

The importance of time preferences in economic decisions such as job choice and savings behaviour has been discussed widely. I argue here that time preference is also an important determinant of marriage stability and its omission from economic models of marriage and divorce may lead to an overstatement of the effect of education, health status and wealth accumulation on marriage stability. I present a simple game theoretic model of divorce with heterogeneous time preferences with a simple hypothesis: patient individuals are more likely to remain in a marriage following a marital shock, in the hopes that the shock is temporary. Impatient individuals will seek to exit a marriage as soon as a shock occurs. This has implications for the timing of divorce and assortative mating patterns under different divorce regimes. The hypothesis is tested using NLSY data under a number of hazard and survival model specifications. Quantitative and qualitative characteristics are used as proxies for time preference, both separately and in the construction of an overall patience indicator. The results show that individuals with patient characteristics are less likely to divorce than those with impatient characteristics, and the effect is stronger in earlier years of marriage. Moreover while a labour shock increases the probability of divorce, the negative effect of the shock is weaker for patient individuals.

* Department of Economics, 542 Fletcher Argue Bldg. University of Manitoba, Winnipeg, MB R3T 5V5
comptonj@cc.umanitoba.ca

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