

ABSTRACT

This paper studies the relationship between household structure and female labor supply, through the construction and estimation of a dynamic utility maximization model in which in each period a female simultaneously determines her marital status and work decision. The model is estimated using longitudinal data on women from the Michigan Panel Study of Income Dynamics. The maximum likelihood estimation method employed involves solving a dynamic programming problem. The estimation results indicate that ignoring the endogeneity of marital status decisions will lead to an underestimation of wage effects on female labor supply.