Premarital Cohabitation and Subsequent Marital Dissolution: A Matter of Self-Selection?"

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Married couples who began their relationship by cohabiting appear to face an increased risk of marital dissolution, which may be due to self-selection of more dissolution-prone individuals into cohabitation before marriage. This paper uses newly developed econometric methods to explicitly address the endogeneity of cohabitation before marriage in the hazard of marital disruption by allowing the unobserved heterogeneity components to be correlated across the decisions to cohabit and to end a marriage. These methods are applied to data from the National Longitudinal Study of the High School Class of 1972. We find significant heterogeneity in both cohabitation and marriage disruption, and discover evidence of self-selection into cohabitation.

Cohabitation has become an increasingly common type of union in the United States over the past several decades, with far-reaching consequences for later marriage, for childbearing, and for the stability of unions. In fact, couples appear to be forming unions at about the same rate now as several decades ago; cohabitation substitutes for marriage among many couples at younger ages (Bumpass, Sweet, and Cherlin 1991). Individuals forming new unions after divorce are especially likely to cohabit—at least initially—rather than marry (Bumpass and Sweet 1989).

Most cohabitations are rather short-lived; couples move relatively quickly into either...

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marriage or the end of the union. Forty percent of all cohabiting couples either marry or stop living together within a year, and only one-third are still cohabiting after two years (Bumpass and Sweet 1989; Thornton 1988). Although most theories of marital choice predict that cohabitation would increase the stability of later marriages for those couples who marry, evidence to date suggests the opposite: couples who cohabit before marriage seem to end their marriages at significantly higher rates than couples who never lived together before the wedding (Bennett, Blanc, and Bloom 1988; DeMaris and Rao 1992; Teachman and Polonko 1990).

In this paper we attempted to reconcile the theoretical with the empirical literature; we develop and test a series of hypotheses about the relationship between premarital cohabitation and the stability of later marriages. We focus primarily on the determinants of the choice to cohabit before a marriage, on the determinants of marital dissolution, and especially on the relationship between cohabitation before a particular marriage and the stability of that marriage. We build on related work by Waite and Lillard (1991) that examines the relationship between children and marital disruption. The analysis uses data on cohabitation, marriage, fertility, and marital dissolution from the National Longitudinal Study of the High School Class of 1972 (NLS-72).

We model the decision to begin a first or later union as a marriage or as a cohabitation; we also simultaneously model the relationship between cohabitation before a marriage and later disruption of that marriage. This strategy explicitly recognizes that the decision to cohabit before marriage is a potentially endogenous variable in the divorce process, in that some couples may choose to cohabit because they think they would face high chances of disruption if they married; modeling divorce simply as a function of cohabitation can lead to biased estimates of the effects of the various determinants. We avoid this problem by estimating equations simultaneously for these related hazard processes.

We estimate this model with methods, developed in Lillard (1993), that permit us to model the hazard process of one component of family formation when it depends on either the past outcome or the actual hazard of another process. We extend Lillard (1993) to include the simultaneous estimation of continuous choices—measured as the waiting time to an event—and discrete choices, in this case whether to cohabit or to marry at the start of a union. The empirical analysis includes individual and time-varying covariates, controls for multiple forms of duration dependence, and—crucial for the simultaneous estimation—controls for unobserved heterogeneity. We address explicitly the endogeneity of cohabitation by allowing the unobserved heterogeneity components to be correlated across the two decisions.

**BACKGROUND**

**The Decision to Cohabit**

At the start of a coresidential union, a couple decides either to live together—perhaps before marrying—or to marry directly. In almost half of recent marriages the couple had lived together first (Bumpass and Sweet 1989). Glick and Spanier (1980) use current living arrangements from the Current Population Survey to describe individuals living with one other adult of the opposite sex, whom the authors identify as cohabiters. They find that never-married cohabiters tend to be relatively young, to be relatively highly educated, and to live in large metropolitan areas. They also find a cohabitation rate for blacks three times as great as for whites.

Bumpass and Sweet (1989) also examine the relative risk of beginning a cohabitation for never-married individuals and report that higher rates of cohabitation are associated with