

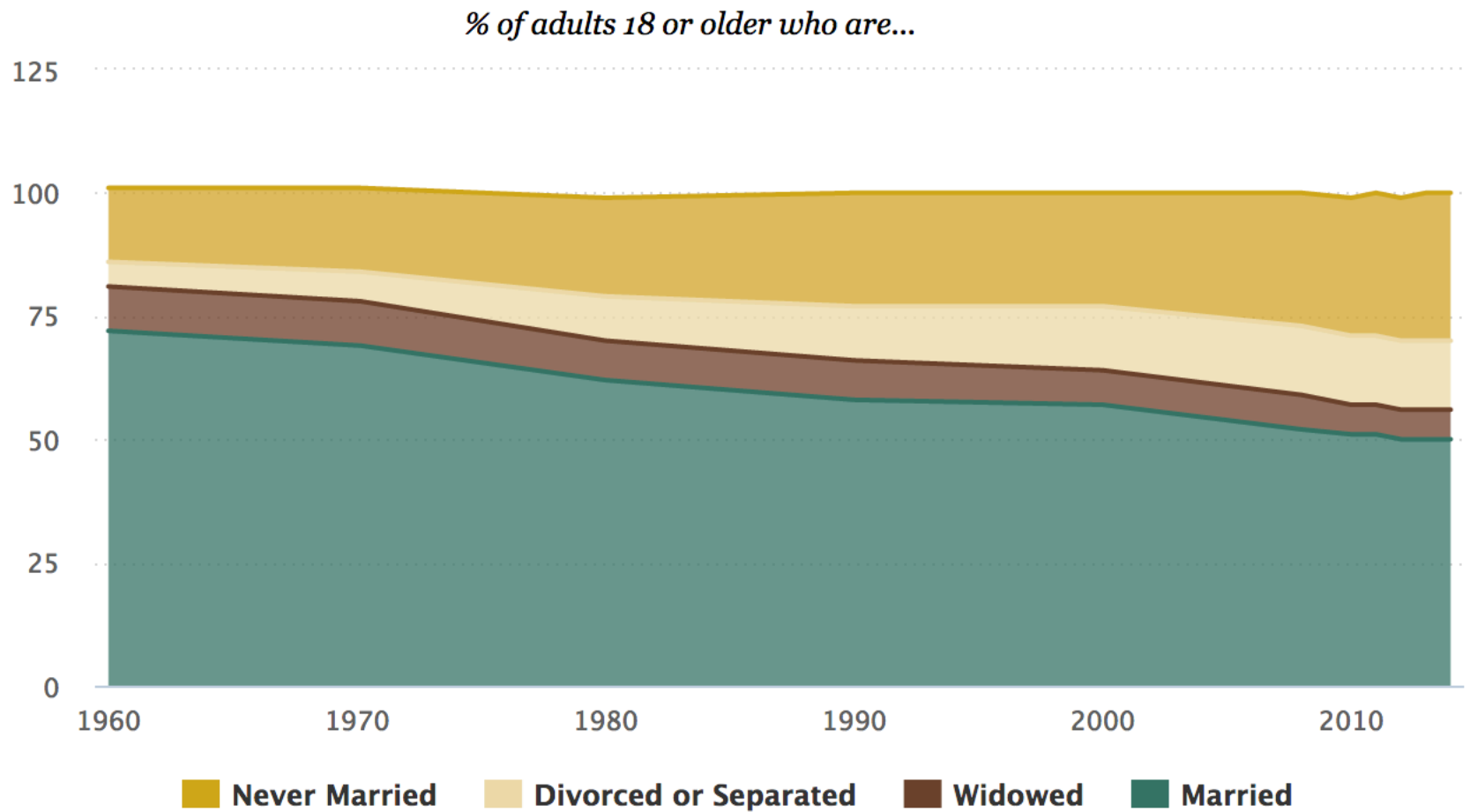
Why Marry?

An economists answer

Agenda

- Review of trends
- Becker's theory of “gains to marriage”
- Divorce

Trends in the USA



Becker's theory of gains to marriage

- An extension of international trade theory
- Many of gains to marriage come from comparative advantage
- Ideology sounds like 1950s (we should ask if it applies today)
- Other advantages:
 - economies of scale (food, vacuuming, etc.)
 - household public goods (cable TV, heating, cleanliness)
 - can build marriage-specific capital (kids, love (?), knowing partner's taste)

Economies of scale

- Easier and cheaper to vacuum 2 rooms (than each to vacuum 1 room)
- Making noodles?
- What else?

Public Goods

- These are goods that 1 person consuming doesn't leave less for the other (Challenge is lack of investment incentive)
- Examples
 - A clean house
 - A fresh diaper for the baby
 - Subscription to internet, cable, magazine, ...
 - Others?

But why not just live with roommates?

- Can benefit from economies of scale and public goods
- But no "own children"
- No love, no sex.
- Other reasons?

"Own Children"

The obvious explanation for marriages between men and women lies in the desire to raise own children and the physical and emotional attraction between sexes. Nothing distinguishes married households more from singles households or from those with several members of the same sex than the presence, even indirectly, of children. Sexual gratification, cleaning, feeding, and other services can be purchased, but not *own* children:⁹ both the man and woman are required to produce their own children and perhaps to raise them. The physical and emotional involvement called “love” is also primarily between persons of the opposite sex.

Becker (1973: 818)

Marriage-specific capital

- Analogy to firms
- Capital that is worth something only with specific firm (marriage)
- In marriage
 - Learning partner's preferences and how to get along
 - Specialization (giving up work to stay at home)
 - Getting to know in-laws
 - Children?
- Important point: a contract (to stay together) provides incentive to invest

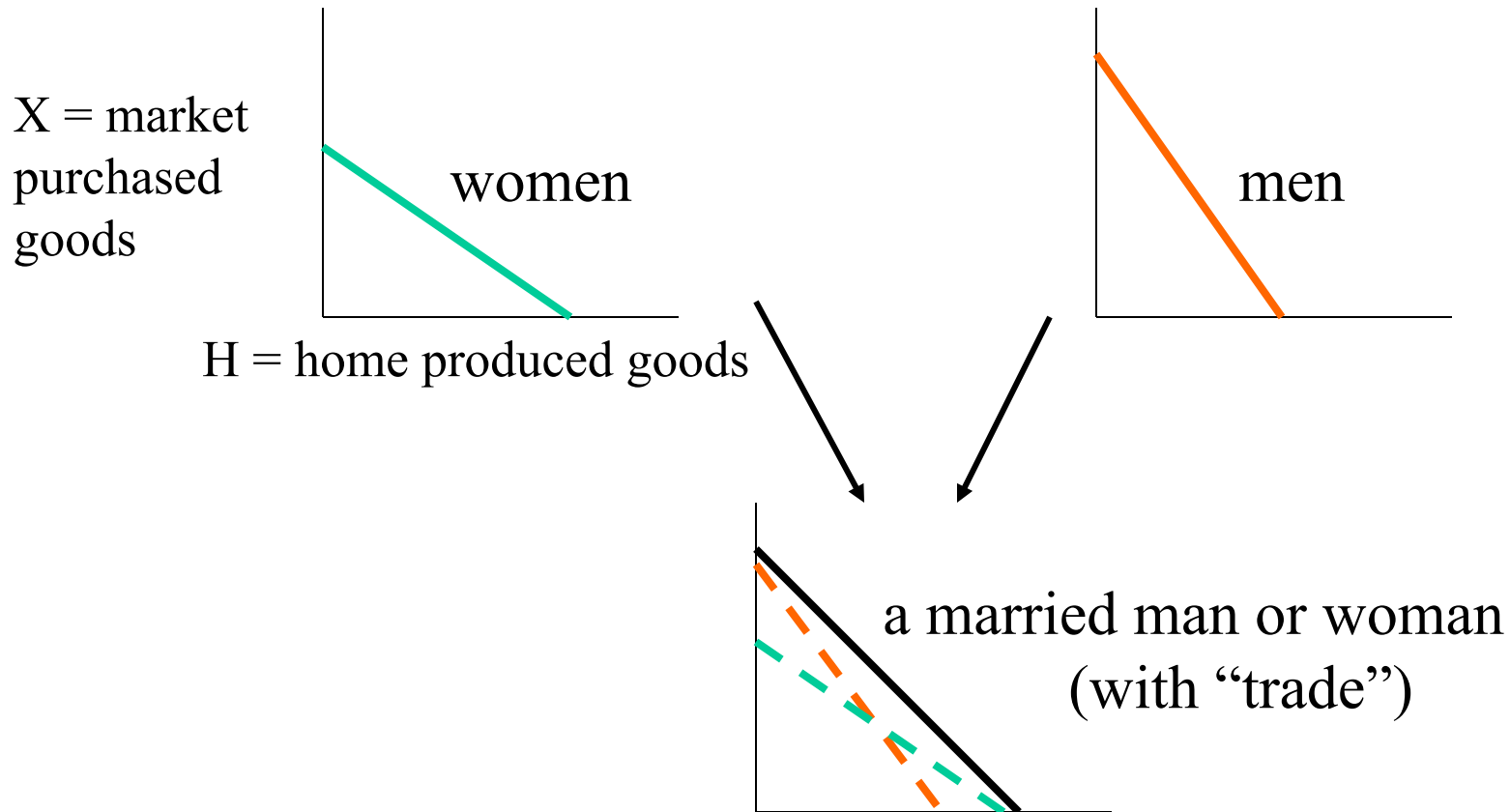
Causal effect of marriage?

- Why are marriages more enduring than cohabitations?
- Selection vs. causation
- Hypothesis: are married happier than cohabiting? do they have more children?
- Should we encourage more marriage?

Comparative Advantage in Marriage

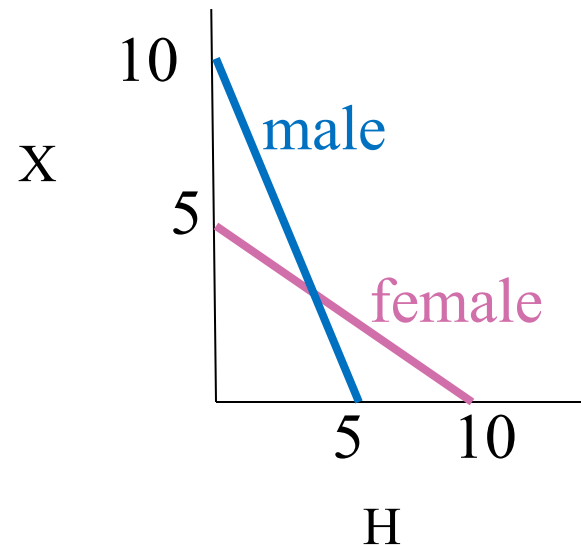
- Husbands specialize in market work
- Wives specialize in home production
- Why?
 - endowments? (biology)
 - human capital investments? (culture)
 - feedback: small initial differences get reinforced
- If each sex specializes in its comparative advantage then combined production will be higher

Production possibility frontiers



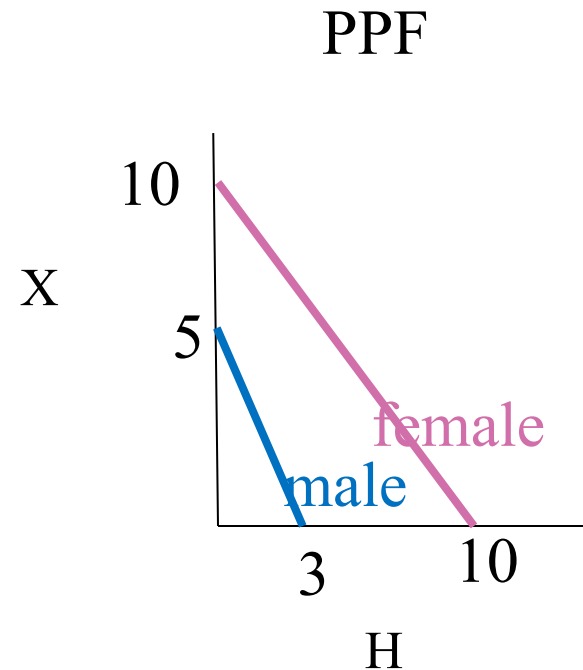
Classic example

- If no trade and both want 3 H , what is male's production of X ?
- What is female's?
- Now say they specialize and each trade at 1:1 price?
- Is this a good deal for the man? For the woman?



A more amazing example

- Woman is more efficient at producing both X and H
- Does specialization and trade still make sense?
- Who specializes in what? What are terms of trade?



With person next to you

- North PPF: intercepts $10X$, $5H$
 - South PPF: intercepts $20X$, $5H$
1. By yourself, how much X , if $H = 3$?
 2. If each specializes, how much total X & H ?
 3. What terms of trade would be mutually advantageous?
 4. How much X , if $H = 3$?

“Why” vs. “why not”

- Becker tries to explain “why marry”
- E.g., comparative advantage framework says that when slopes of ppfs differ, gains to “trade” – (to marriage)
- Contrast with Malthus approach, which views marriage as a “normal good”
- Malthus “why not” (answer is affordability)

Implications of C.A. approach

What will be the impact of:

- Male and female convergence?
- Lower fertility
- Improved home technology
- Gay marriage?

More: what would Becker predict about gay marriage?

- Specialization?
- Own children?
- Love?
- Marriage vs. cohabitation?

A dissenting voice

To remain relevant to the twenty-first century, the economics of the family will need to push beyond the production of own children and traditional notions of specialization, and seek to uncover the forces that yield the modern family form. This may mean reconceiving the notion of household production or, as we argue, extending models of the family beyond the notion of a household-based firm and toward emphasizing motivations such as consumption complementarities and insurance as central to marriage. Furthermore, the economic theory of the family as

A dissenting voice

- In consumption, being alike makes marriage more fun (movies, books, politics, identity, children ...)
- So men and women becoming more alike should make marriage more common?

Divorce

- Why do people divorce?
 - Gains to marriage less than to divorce
 - Poor information leads to mismatch
- Declining gains to marriage
 - less sex-specialization
 - fewer marriage-specific investments (e.g., kids, building own house, kin ties)
 - a vicious circle?

Divorce by duration of marriage

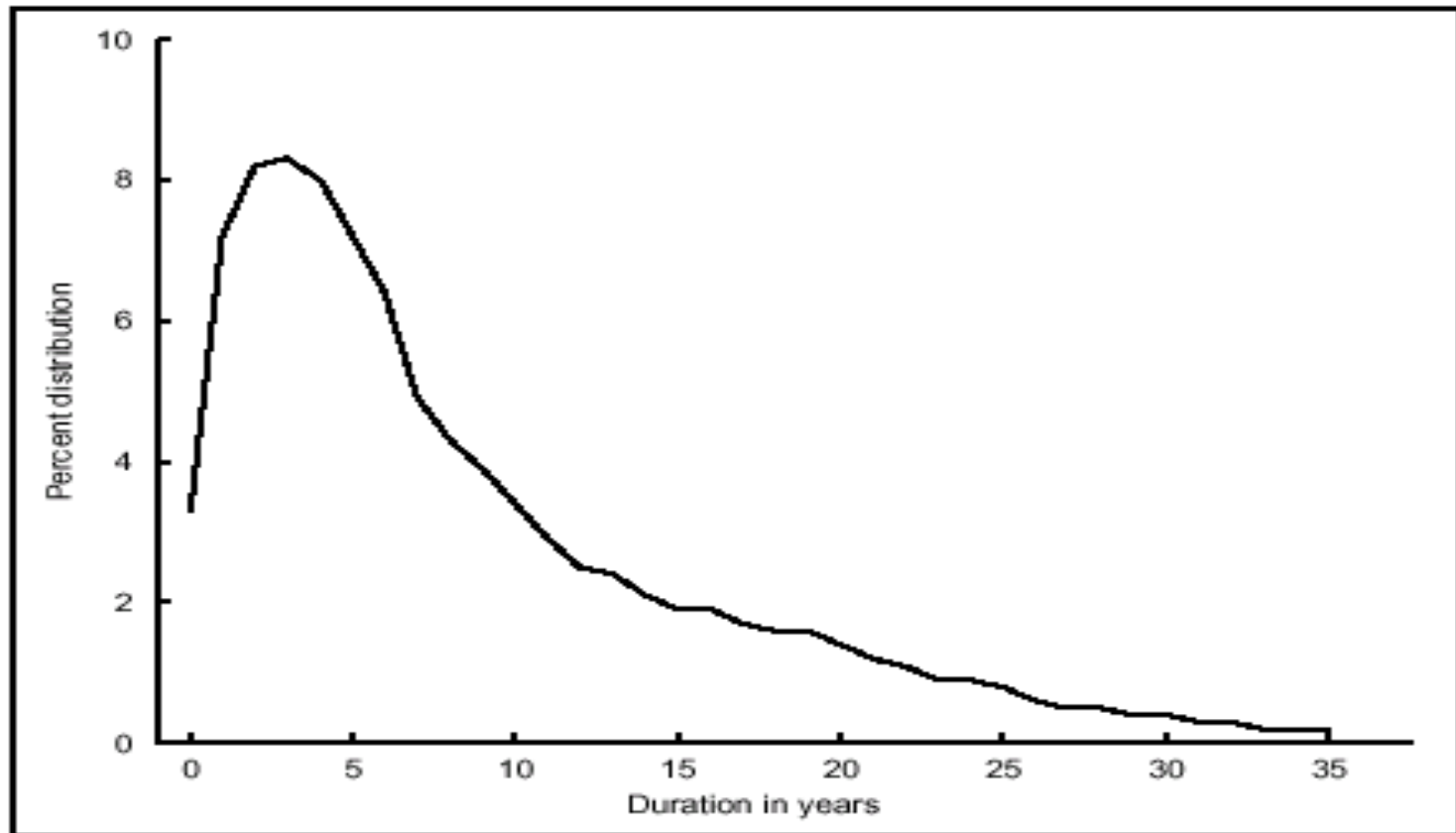


Figure 3. Percent distribution of divorces by duration of marriage: Divorce-registration area, 1990

Divorce trends

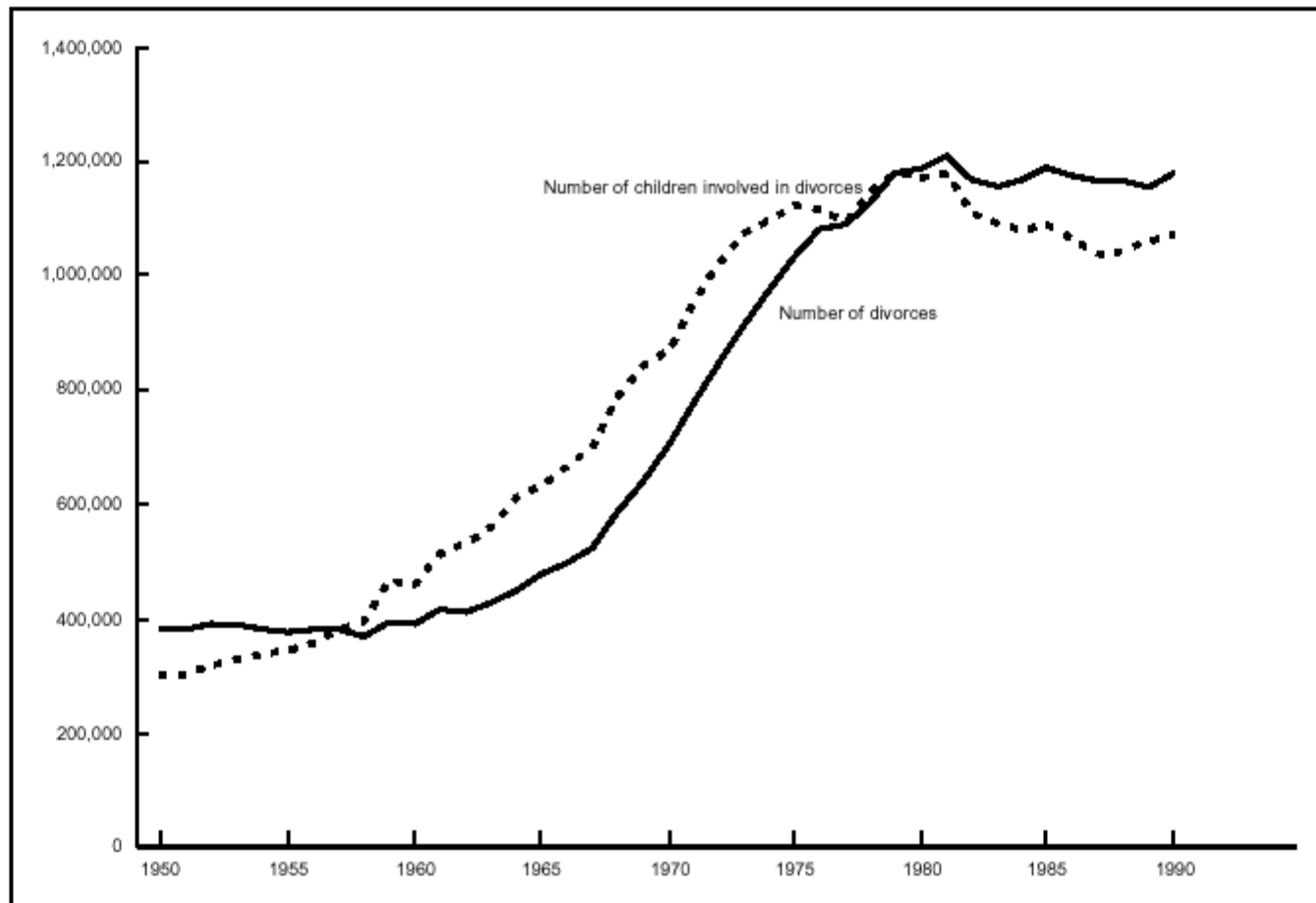
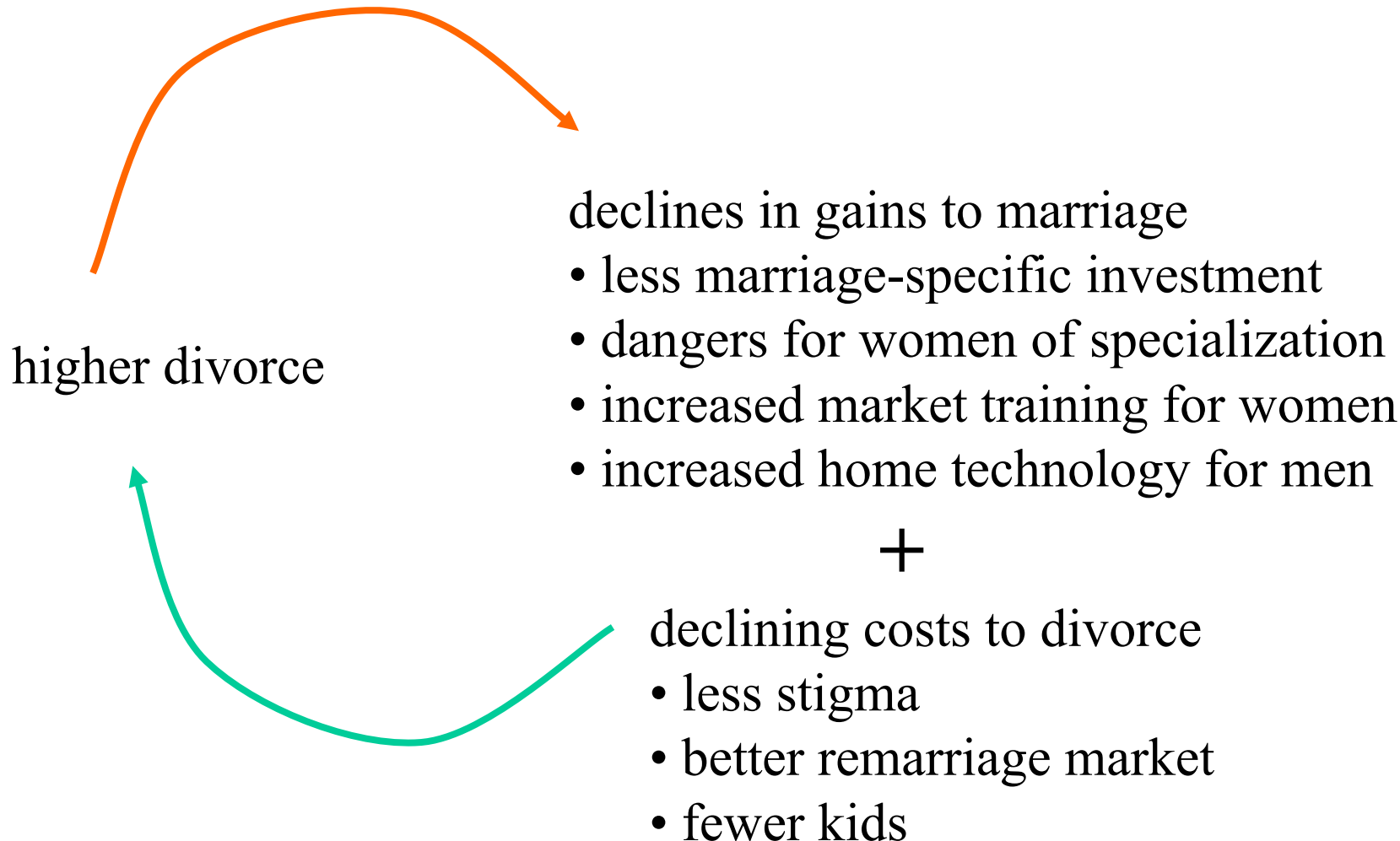


Figure 1. Estimated number of divorces and children involved in divorces: United States. 1950-90

Divorce feedback model

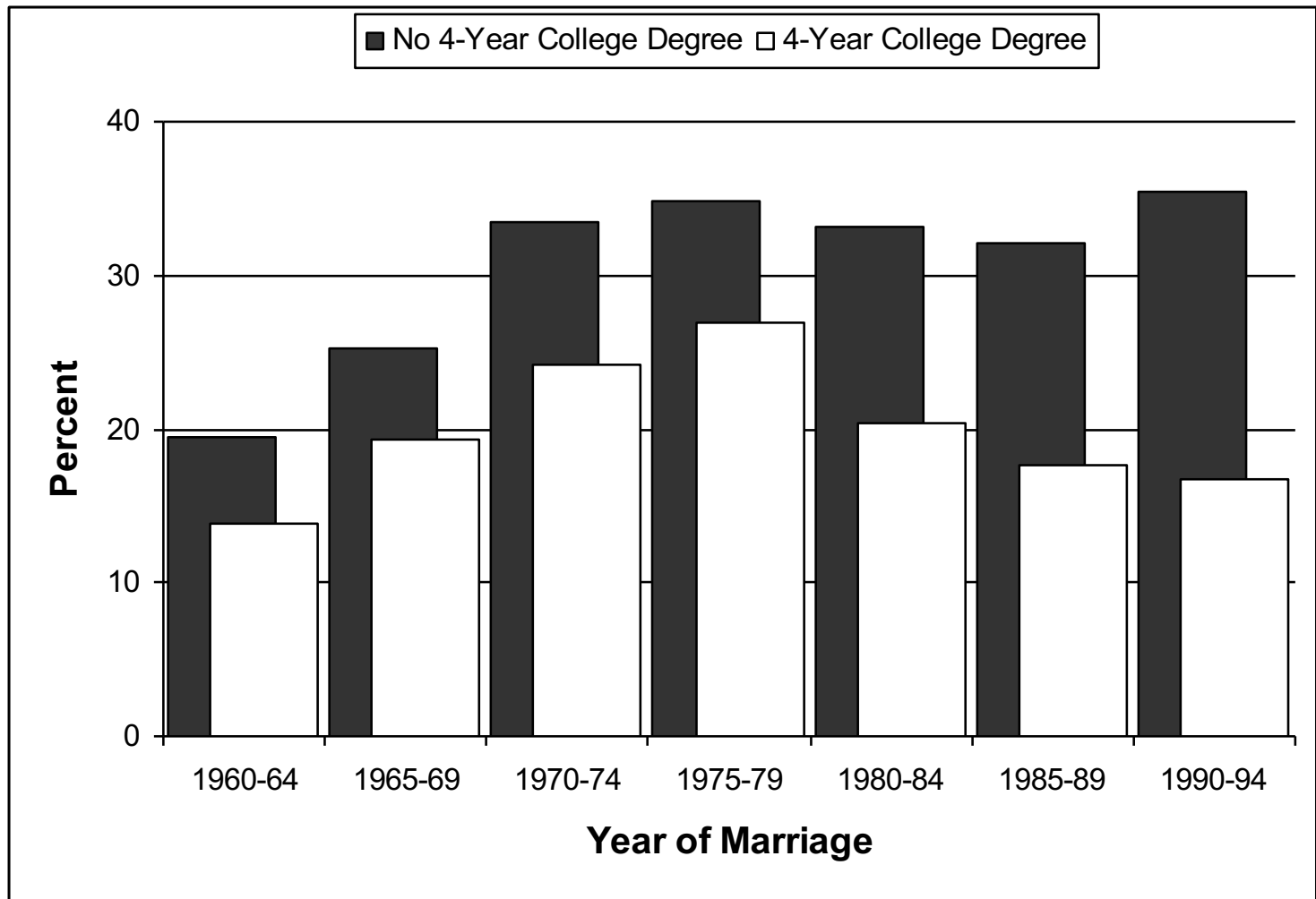


The future

- Big changes were in 60s and 70s
- Since 1980
 - divorce rate flat
 - marriage still getting later, but not less common
 - fertility is flat
- Divorce inequality: decrease for more educated, increase for less educated

Recent trends: A puzzle

Percent of U.S. Women with a Marital Dissolution within 10 Years of a First Marriage, by Year of Marriage and Educational Attainment.



Broader puzzles in marriage inequality

- Why marriage inequality? Wouldn't poor and those with fewer resources have the most to gain?
- Black vs. White differences?
- Education differences?
- Cross-country differences?

Next time

- Who marries whom, why do "likes like likes"?

3. The Marriage Market and Sorting of Mates

a) *Optimal Sorting*

We now consider not one M and F who must decide whether to marry or remain single, but many M 's and F 's who must decide whom to marry among numerous potential candidates, as well as whether to marry. If there are n M 's and n F 's (unequal numbers of M and F are discussed in section 4), each is assumed to know all the relevant²² entries in an $(n + 1) \times (n + 1)$ payoff matrix showing the maximum household commodity output that can be produced by any combination of M and F :

$$\begin{array}{c|ccc}
 & F_1 & \cdots & F_n \\
 \hline
 M_1 & Z_{11} & \cdots & Z_{1n} & Z_{10} \\
 & & Z_{ij} & & \\
 M_n & Z_{n1} & \cdots & Z_{nn} & Z_{n0} \\
 & Z_{01} & \cdots & Z_{0n} &
 \end{array} . \quad (12)$$