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Murat F. Iyigun

Randall P. Walsh

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Department of Economics

University of Colorado at Boulder
Boulder, Colorado 80309

We develop a "collective" model of the household in which spousal incomes are determined by pre-marital investments, the marriage market is characterized by assortative matching, and a sharing rule forms the basis of intra-household allocations. We identify the properties of the sharing rules that are maritally sustainable in this model. We find that the unconditionally efficient outcomes, in which both pre-marital investments and intra-household allocations are efficient, can be supported by intra-marital sharing rules that are consistent with the collective approach. In particular, when marriage does not generate a s

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$u^0 \; !^s_m \quad v^0 \; y_m - !^s_m \qquad \tilde{A}u^0 \; \tilde{A}!^s_f \quad v^0 \; y_f - !^s_f$

$U^s_i \;\; i \quad f; m$

$$U^s_i \quad \begin{cases} v \; y_f - !^s_f \quad u \; \tilde{A}!^s_f \qquad i \quad f \\ v \; y_m - !^s_m \quad u \; !^s_m \qquad i \quad m \end{cases}$$

$\forall \; !^s_m \;\; !^s_f \in \;\; ; y_i \quad @U^s_f = @\tilde{A} > \qquad @U^s_i = @y_i$

$> \quad i \quad f; m$

$\mu; \; \mu \in \quad ;$

$c_f \quad \mu \; \tilde{A}!_f \quad !_m \qquad c_m \quad - \mu \quad \tilde{A}!_f \quad !_m$

$c_f \quad c_m \quad \tilde{A}!_f \quad !_m$

y_i

$\overline{y}_i \quad u_i^0 \quad v_i^0 \quad i \quad f; m$

$y_i \quad \overline{y}_i \quad y_i$

$$-v_f^0 ¾_f^0 \quad Ãµu_f^0 ¾_f^0 \quad - \frac{µu_f^0 ¾_m^0}{®^0}$$

$$-Ã \quad - µ \; u_m^0 ¾_f^0 ®^0 \quad - v_m^0 ¾_m^0 \quad - µ \; u_m^0 ¾_m^0$$

$$\frac{Ãµu_f^0}{v_f^0} \quad \frac{- µ \; u_m^0}{v_m^0}$$

$g \; w_m$

µ

$$\max_{\{! f;\ !_m;\ c_f;\ c_m\}} v\ y_m - !_m \qquad u\ c_m$$

$$v\ ®\ y_m - !_f \qquad u\ c_f \geq\ !\ )$$

!) {

1)

1cJTe (f) Tj 3.7c

e

cJTc

cmTc (f) Tj 3.7c

m ecTcv TD /F7 1Tj

fc

Ã.25 -7.

μ / μ

$\forall$ μ / μ

$\forall$ μ < μ

$\forall$ μ > μ $\forall$ μ /

μ

μ μ_1 A

μ_1

B

μ_2 C

$\mu_2 > \mu_1$

k k > [14]

$$U_i \begin{cases} v\ y_f - !_f \quad u\ \mu\ \tilde{A}!_f \quad !_m \quad k \quad i \quad f \\ v\ y_m - !_m \quad u \quad -\mu\ \tilde{A}!_f \quad !_m \quad k \quad i \quad m \end{cases}$$

$$U_i \begin{cases} v\ \overline{y}_f - ¾_f\ y_f \quad u\{\mu\ \tilde{A}¾_f\ y_f \quad ¾_m\ ®^{i\,1}\ y_f\ \} \quad k \quad i \quad f \\ v\ \overline{y}_m - ¾_m\ y_m \quad u\{\ -\mu\ \tilde{A}¾_f\ ®\ y_m \quad ¾_m\ y_m\ \} \quad k \quad i \quad m \end{cases}$$

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U_m isoTSo -0.15 cm0hc TDuis-0.264 irn-Tcn th aes-16ia t s TD -0.12 h Tcst s(uU) Tj 7.5 h(l) Tj 1 (-) Tj 3.7 0 TD 0.234

F M G N H N ∀ N

μ_1 μ_2

μ_1 A

μ_1 B; C

μ_2 F

D; E

$F \neq M$ $|F - M|$

y $F > M$

$F - M$

y

k

$F > M$

U_f^s

C

D

F > M

U_i i f ; m

$\forall\, y_m \in$; Y ® y_m Ây_m Â **Q** ;

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F > M ∃ N > G N ∕ l

μ

F M

B ; A A; C Ã

s aales iTDse0.264 Tc (i) Tj 3.75 Tc p(D) 0.132 5 Tc (o) Tj 6 0 TD 0.1622 Tc (f) Tj 26.75 0 TD

B; C Ã D; E :

B; C D; E

American Economic Review,

International Economic Review,

International Economic Review,

Journal of Political Economy,

Asian Development Review,

Journal of Political Economy,

The Marital Contract Curve

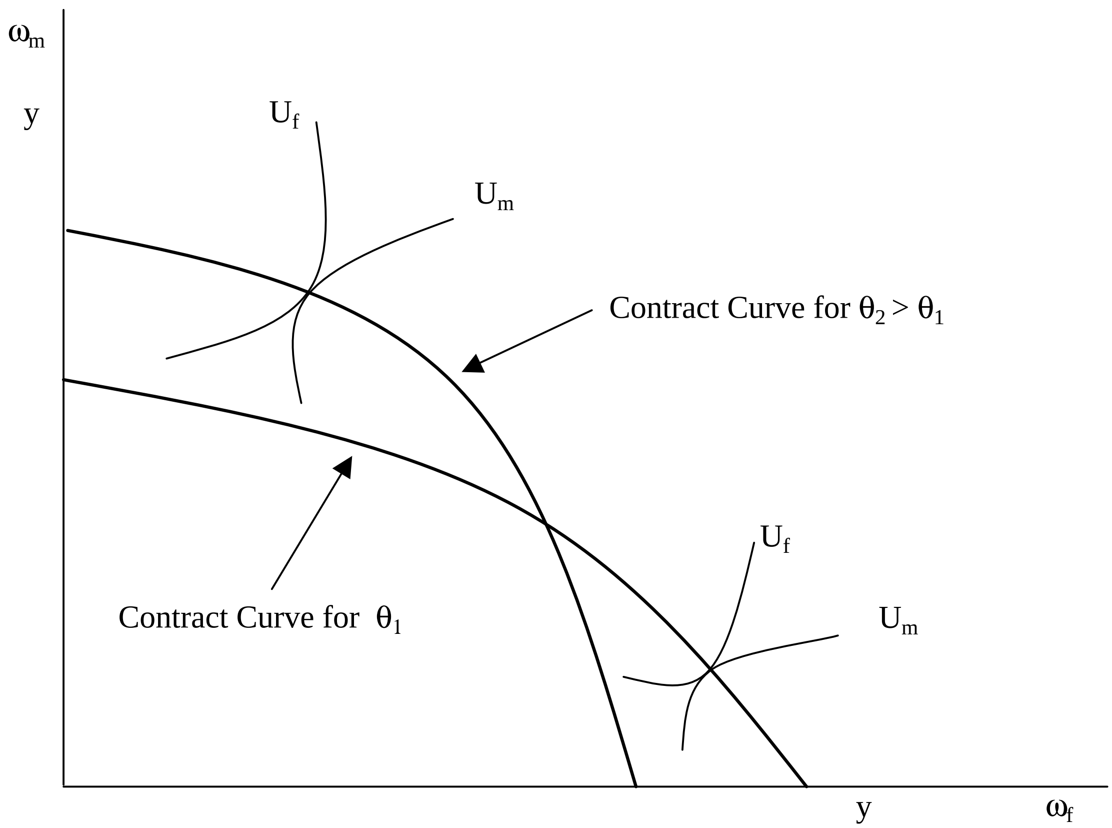


Figure 4:

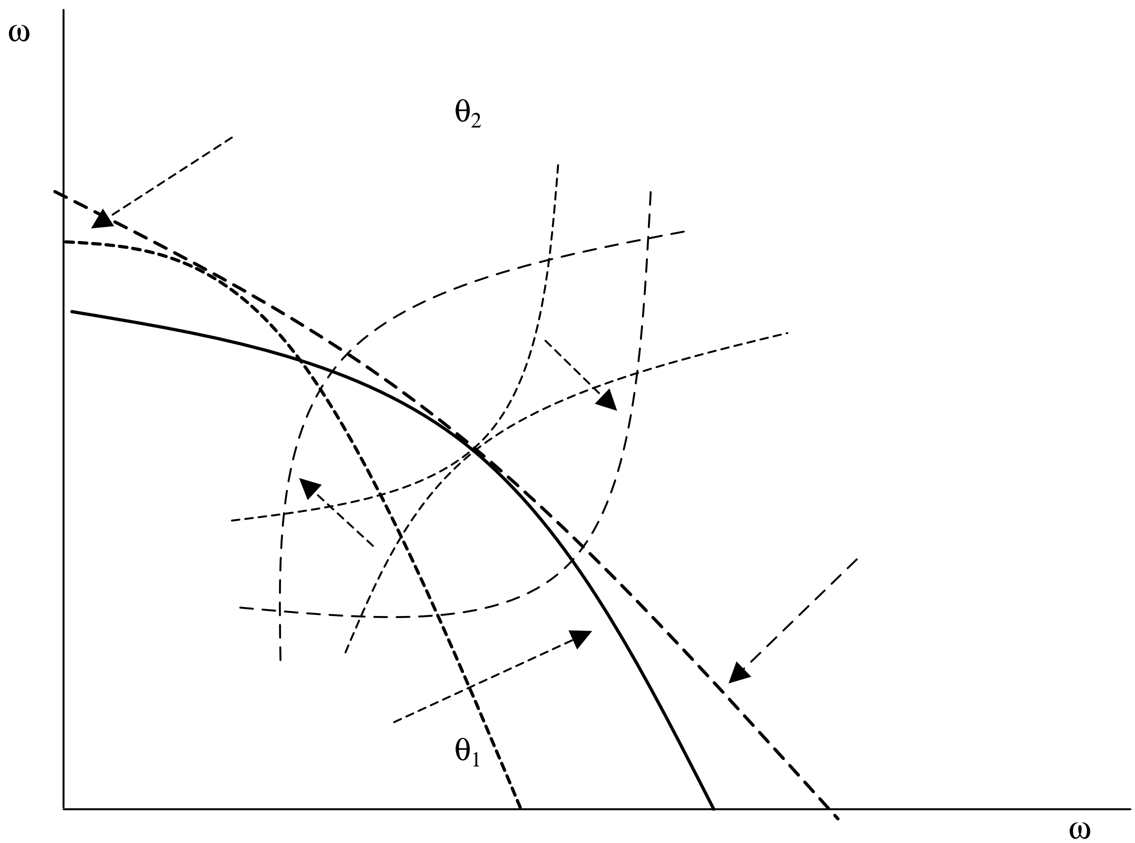
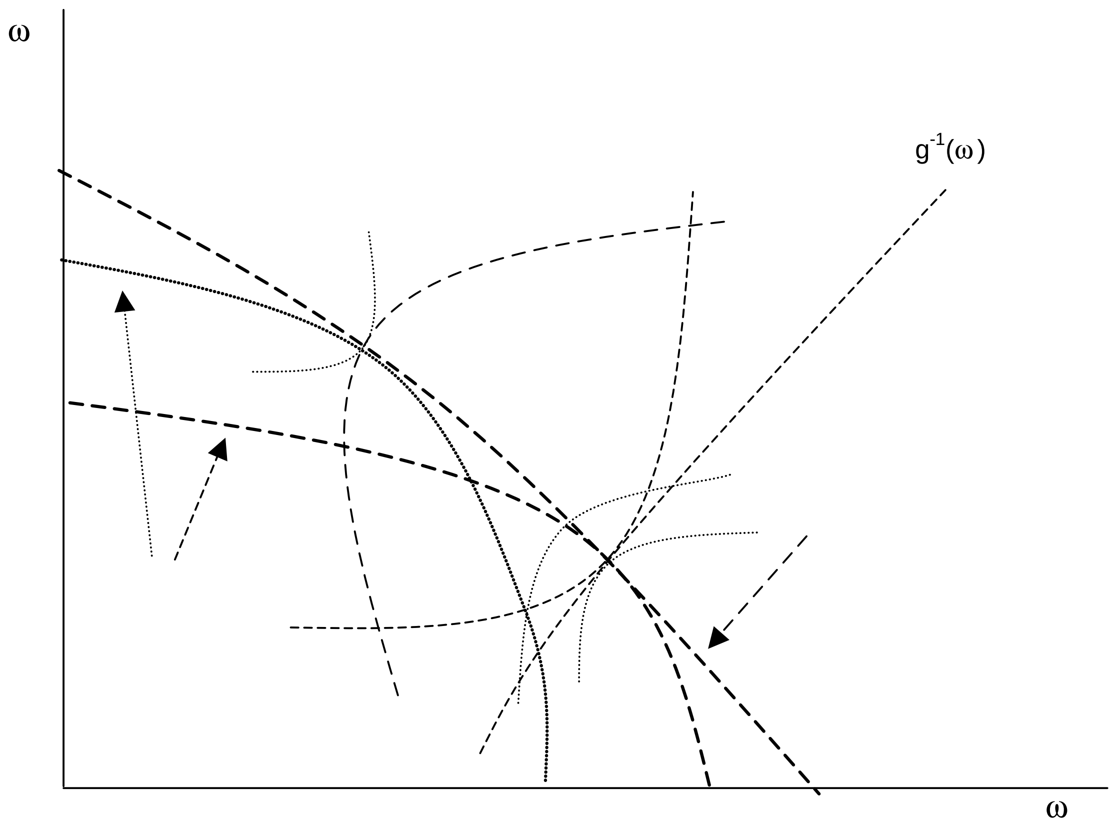
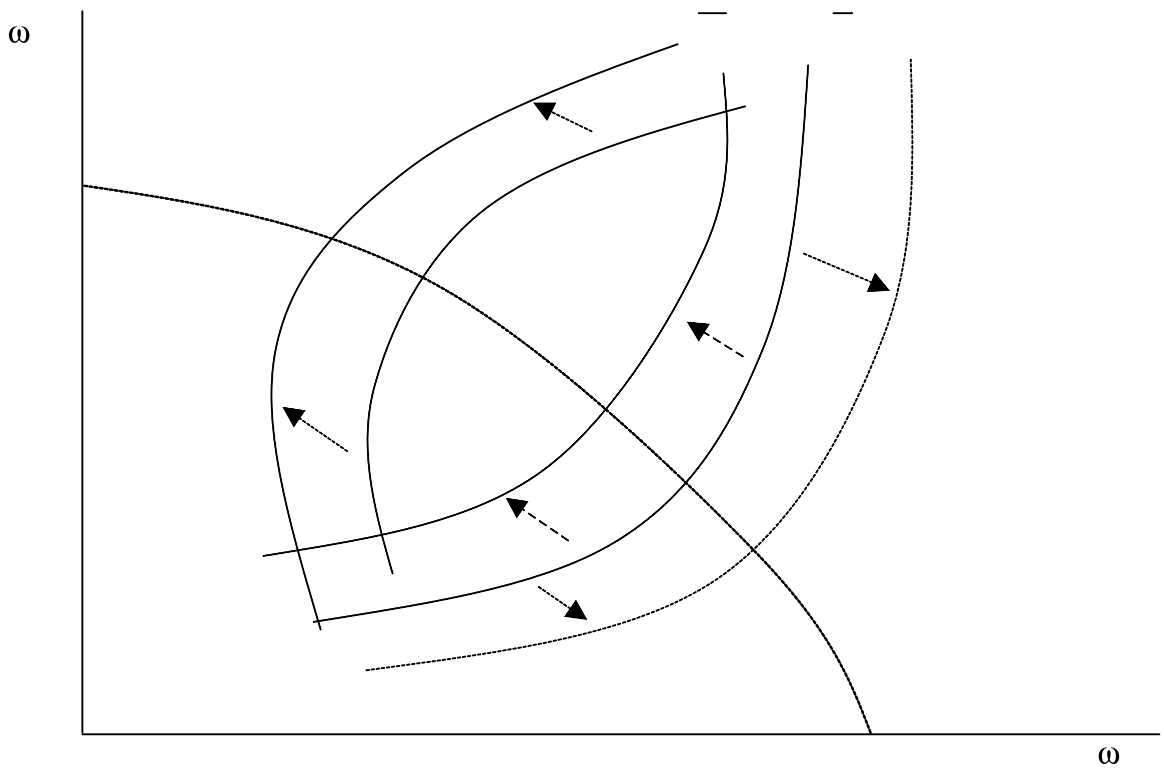


Figure 5:

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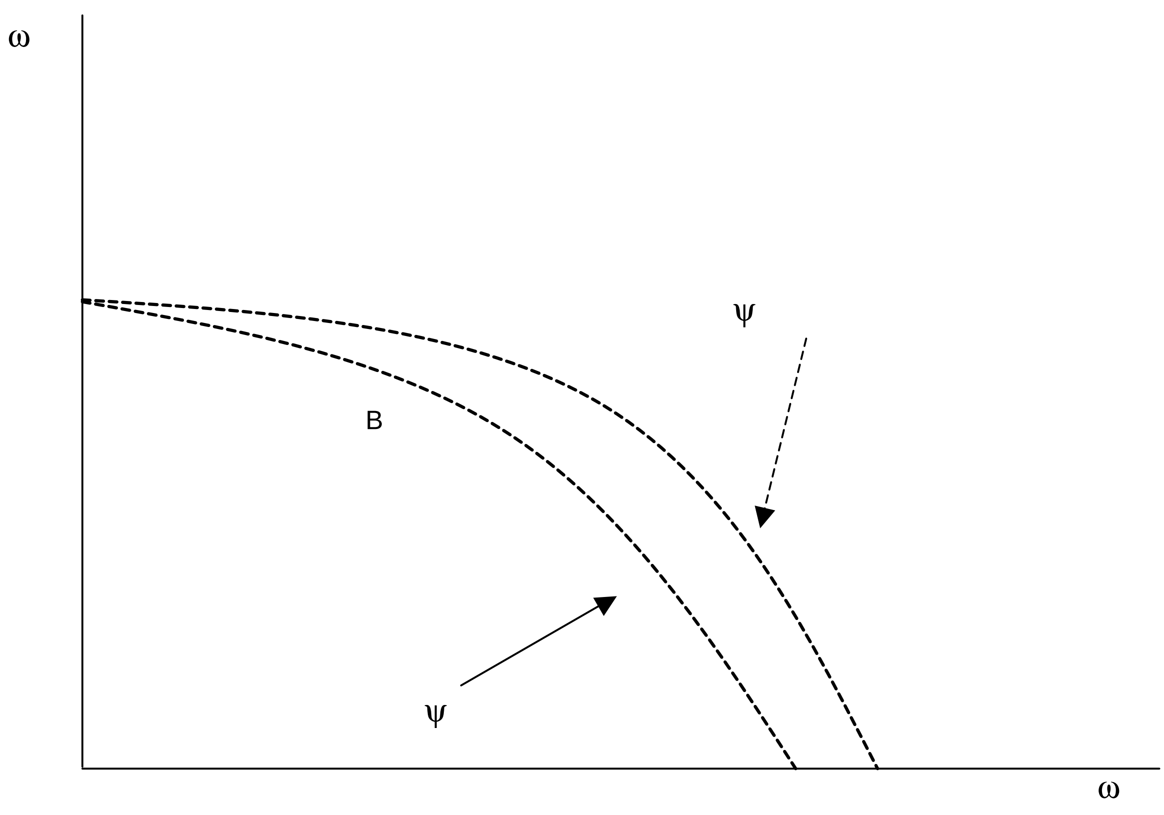
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The Effect of a Change in Distributional Factors (with a Marital Surplus, k > 1)