



Love, Money, and Marriage

There are many reasons why being married makes economic sense.

But do they make promoting marriage suitable for public policy?

BY DOUG CAMPBELL

Summer is wedding season, the traditional time for bridal gowns and ring shopping, multilayered cakes, and festive receptions. And, of course, the vows. But in truth, to the disappointment of romantics everywhere, the institution of marriage in the United States is past its prime.

Witness the U.S. marriage rate, which is dropping like a rock. Since 1970, the number of marriages per 1,000 unmarried adult women has declined 50 percent. Meanwhile, the percentage of all adults who are married has slipped from 66.7 percent in 1970 to 55.1 percent in 2004. About one out of three U.S. births is now to an unmarried woman.

Social, scientific, and economic factors seem to be driving these trends. For many folks, the sexual revolution put to rest the notion that sex had to happen within the boundaries of marriage, and birth control likewise reduced the inevitability of offspring. Increasingly uncommon, too, is the single-earner household, where men go to work and women stay home. Today's woman also works outside the home, and with that financial freedom comes more choice in whether to commit to a lifelong partner.

All of this may be just fine, except for one thing — marriage, it turns out, is associated with a lot of positive characteristics. Studies have shown married people have better health, better sex lives, and are said to be happier. And here's the trump card: Being married means you have a greater chance of being well-off. People who never marry have 75 percent lower wealth than continuously married people, according to one study. Or consider data from the Census Bureau showing the median income of married-parent families at almost \$66,000 and of lone-parent

families at about \$25,000. Eight out of 10 "nonpoor" families are headed by married couples; poor families are headed by married partners only four out of 10 times.

These facts give rise to marriage as a public policy issue. Economics has become a key component in promoting pro-marriage policies — everything from retooling welfare eligibility rules to earmarking taxpayer funds for marital counseling. "Poverty, crime, substance abuse, special education, foster care, child abuse services, teen pregnancy — there is hardly a single major domestic program that state, local, and federal agencies spend money on that is not the result of social problems driven in part by the decline of marriage," says the nonprofit National Fatherhood Initiative. "This growing consensus on the importance of marriage has led to new efforts to generate public policies that may help reduce rates of unmarried childbearing and divorce."

But the emergence of marriage as a public policy issue raises an important question: How much of the "marriage effect" is directly attributable to people's marital status, and how much is just a selection effect? Does marriage make you economically well-off, or are already economically well-off people more likely to marry?

Marital Economics

Some of the economic advantages of being married are obvious. Thanks to economies of scale, two can live more cheaply than one. There are fixed costs to running a household. First, there's the house itself. Instead of paying two mortgages (or rents), a married couple pays just one. The same is true with things like utility bills. Finally, there are smaller items like grocery

expenses, which tend to be lower on a per-person basis for couples. Then there are legal realities: If you're married, you get to take advantage of your spouse's possibly superior health and other benefits, plus many other legal privileges.

Contributing to the relative wealth of married couples is the changing dynamic of the "marriage market." Married partners tend to have similar education levels. And unlike 40 years ago when men still greatly outnumbered women in college, more women are now seeking higher educations, providing more opportunities for on-campus relationships that may last beyond graduation. Workplace romances have increased, too, as female labor force participation has risen. These twin trends reflect how it has become relatively easier for high-income and high-education people to meet up, helping to explain why people with college degrees and higher incomes are more likely to marry.

Economist Gary Becker of the University of Chicago pointed out how wedded couples can develop "marriage-specific capital," in which partners specialize in what they do best, to the benefit of both. Traditionally, this has meant men go to the workplace and women raise the children. Mostly because of this arrangement, married men earn as much as 40 percent more than single men. This is what's called the "marriage premium," and, though there are many factors that may contribute to it, one of the biggest is thought to be increased married male productivity from labor specialization. Among other things, married males may spend more effort building human capital which can translate into higher

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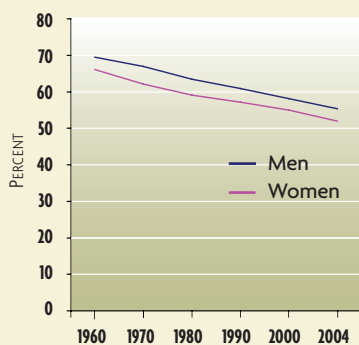
earning power, especially in today's economy. Cohabiting couples can specialize, but their implicit lack of commitment means that they don't as much as married couples, and hence don't reap the same economic returns.

(Importantly, Becker's research also finds that when women work, the gains from specialization are reduced. In a nation where 60 percent of households have two wage earners, this may count as another reason why couples don't bother to marry.)

There are other benefits of married life. Like a college degree, a marriage certificate sends a sort of economic signal. (A surprising fact: In any given year, college graduates get married at a clip three times greater than high school dropouts.) Steven Nock, a University of Virginia sociologist and co-director of the Marriage Matters project (a research effort funded by the National Science Foundation), says that in this way married couples project "commitment, stability, and maturity, among other things." These are the kind of attributes that employers value and the sort of character traits not necessarily signaled by cohabitating couples — though one can also imagine some high-powered jobs where employers would worry that people with children wouldn't be able to commit as many hours to work as their unmarried colleagues.

People Age 15 and Older Who are Married

The percentage of people who are married at any given time in the United States has dropped since 1960.



SOURCE: National Marriage Project

Maybe most important is that marriage is great for kids. In 1970, 10.8 percent of U.S. children lived with single mothers. By 1998, the proportion was up to 23.3 percent. Economists Isabel Sawhill and Adam Thomas at the Brookings Institution and Harvard University, respectively, found that if the proportion had remained at its 1970 level, the rate of child poverty would have been 3.4 percentage points lower by 1998. That's almost 2.3 million children. In their simulation model, among those children whose (until then single) mothers married, the poverty rate fell by two-thirds. This happens both because of the "two can live more cheaply than one" rule of thumb as well as from the labor specialization of married couples. "Certainly if more people were married, we would have a lot less child poverty," Sawhill says in an interview.

Getting married is one thing, but staying together is also economically important. Divorce is harmful to children. The Center for Law and Social Policy, a nonprofit organization whose mission focuses on improving the lives of poor people, found that the primary custodial household's income falls 70 percent for children in divorce's immediate aftermath and remains 40 percent lower compared with intact households as long as six years after divorce. The process of divorce itself is expensive to taxpayers, costing state and local governments about \$30,000. The National Marriage Project, a research effort at Rutgers University, says that the 1.4 million divorces in 2002 cost governments more than \$30 billion because of factors ranging from higher use of food stamps to increased Medicaid spending to greater use of public housing.

Public or Private

Given the apparent link between marriage and economics, the question of whether government intervention is necessary in this most private of relationships deserves consideration. At present, U.S. marriage policy is shaped

mostly by the tax code and the welfare system.

The so-called "marriage tax" still exists — filing jointly, a man and a woman with high earnings may jump into a higher tax rate than they would if filing separately. Also, under the welfare transfer system, single-parent households may actually be eligible for higher payments than married households when it comes to housing and child care subsidies as well as cash benefits. On the flip side, low-income parents who marry may enjoy a sort of "marriage subsidy" by collecting more of the earned income tax credit than they did as separate filers.

However, following passage of 1996 welfare reform, states were given wider discretion in implementing rules, and many responded with policies that aimed to keep couples together. Since 2002, Nock says, 36 states have eliminated rules that made welfare available only to single-parent families. Another 11 states have partially made this change.

Indeed, there is no shortage of proposals and programs that aim to encourage more marriage. What we have is a "seemingly endless array of contemporary public and private efforts to promote marriage, reduce out-of-wedlock births, encourage responsible fatherhood, and persuade unmarried parents to marry," Nock writes.

In 2001, the Bush administration launched its Healthy Marriage Initiative, a project that urges unwed parents to consider marriage for the sake of their children. Another program promotes healthy marriages in local communities. At the state level, South Carolina is one of 10 states that since 2001 have introduced major efforts that establish and fund programs "designed to specifically promote and strengthen marriage and reduce divorce," according to the Center for Law and Social Policy.

Whether marriage promotion programs like these can be effective depends on what the real objective is: 1) increasing the number of married people or 2) improving people's

economic well-being. This second objective may not hinge on being married after all.

Selection Effect

Much of the academic debate over marriage centers on whether the positive economic effects seen in married people are causal — that is, does getting married make people better off? Or are better-off people the type who get married, anyway? Economists writing for the conservative Heritage Foundation say: “Moving from a single-parent to a married family is a straightforward way to rise above the poverty threshold.”

But pressed on this subject, many scholars are ambivalent. “We’ll never be able to totally untangle this issue,” says University of Virginia’s Nock. “I don’t think anybody fully understands it.” Even the Institute for American Values, in promoting its “Why Marriage Matters” report, includes a disclaimer about selection effects, acknowledging that “reasonable scholars” disagree over the causation/correlation effects of marriage but concluding that, “the benefits of marriage extend to poor and minority communities.”

Sawhill, the Brookings economist, is also torn. “You can’t explain away the fact that there seems to be something about marriage itself that is helpful to children,” Sawhill says in an interview. “I would never argue that all of the differences between outcomes for children in married families versus single families is due to the fact that there’s marriage in one case and not in the other. Some of it is the fact that people who marry tend to have other characteristics that are good for

children, a selection effect. I think there is something causal, but it isn’t all causal.”

The Real Issue

Some sociologists have argued that poor people need no reminders about the economic value of marriage. The real issue for poor people is that marital status is low on their list of concerns. Policymakers “are acting upon the premise that not being married is what makes so many women and children poor,” write Kathryn Edin and Maria Kefalas, sociologists at the University of Pennsylvania and Saint Joseph’s University, respectively, in their book, *Promises I Can Keep: Why Poor Women Put Motherhood Before Marriage*. “But poor women insist that their poverty is part of what makes marriage so difficult to sustain.”

Yes, married people tend to be better off — on this there is little disagreement. But to many social scientists, this misses the point. Instead of encouraging marriage in the hopes of lifting general welfare, there may be a more direct approach in helping people — regardless of marital status — take on the most positive characteristics of married people; namely, that they work and provide stable environments for raising children.

Andrew Cherlin, a sociologist at Johns Hopkins University, says that, reducing barriers to work can help all sorts of households, be they headed by married partners, cohabitating couples, or single parents. That’s why Cherlin generally favors universal preschool or generous parental leave policies over marriage promotion efforts.

“I don’t think policies should be narrowly focused on marriage,”

Cherlin says. “Marriage is a good thing. But I think promoting stability in child-parent relationships, whatever form they may take, is also a good policy goal. A single mother who doesn’t have to quit her job when her child gets sick is a single mother who is more able to maintain a household.”

Similarly, Brookings economist Sawhill thinks that discouraging births among teenage mothers is paramount. The emphasis on marriage as an economic development program is OK, she says. But, she adds, “That’s tackling the problem a little late, once a child is born outside of marriage. It would be far preferable if we prevented people from having babies before they’re married in the first place.” Instead of marriage education, Sawhill favors programs aimed at preventing teen pregnancy with the aim of delaying unprotected sex and unwanted births.

We come away from this analysis with some question marks. Studies clearly show that children are made better off when they live in stable, married households, though there are differences of opinion over whether this justifies pro-marriage policies. The data also show that married people make more money, but whether that’s directly attributable to tying the knot is unclear. Meanwhile, marriage is far from dead. Most people still get married — about 90 percent of all American women by the age of 45, in fact. And the pace of U.S. divorces has fallen since 1980. Nobody doubts that a nation of abundant, healthy marriages is desirable. But if the goal really is in reducing poverty, then there may be more direct remedies than matrimony. **RF**

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