

# A MARKET APPROACH TO INTERMARRIAGE

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## Introduction<sup>(1)</sup>

Intermarriage between members of different groups, and assortive mating in general, stands to benefit from the recently developed market theory of marriage. It has long been clear to scholars from a variety of disciplines that conditions in markets for husbands and wives influence observed marriage patterns. Sociologists and demographers have often related observed religious or ethnic homogamy to: (1) a group's size (e.g. Heer, 1962; Rosenthal, 1970; DellaPergola, 1976; and Fisher, 1980); (2) its sex ratio and geographic concentration (e.g. DellaPergola, 1976 and Fisher, 1980); and (3) personal characteristics of group members, such as age and previous marital status (e.g. Rosenthal, 1970; DellaPergola, 1976; Heer, 1980; and Becker, 1981).

This explicit recognition of the influence of market opportunities also characterizes the present approach. In addition, the market theory delineated below also relates to the concept of reciprocal compensatory exchange first developed by Davis (1941) and Merton (1941).

A theory of marriage based on the tools of cost-benefit and market analysis was first formulated by economist Becker (1973), but with no specific reference to religious intermarriage.<sup>(2)</sup> The market theory of intermarriage presented below has been influenced by Becker's ideas and follows from my previous formulations of a market theory of marriage (e.g. Grossbard, 1976; Grossbard-Shechtman, 1981) and women's allocation of time (Grossbard-Shechtman, 1982).<sup>(3)</sup>

In the next section, a market approach to marriage is developed in the tradition of economic theory. Section 3 applies this approach to selected aspects of intermarriage. A few conclusions are found in Section 4.

## 2. Market Theory of Marriage

The market or markets relevant to a study of marriage are markets for factors of production. Wives and husbands perform a variety of labor services for each other, their labor in the home acting as an input into the production of goods and services that their partner find of value.

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(1) This paper was started while I was a fellow at the Center for Advanced Study in the Behavioral Sciences, Stanford.

(2) In a later work, Becker (1981) briefly discusses some aspects of intermarriage.

(3) For a more comprehensive mathematical presentation of the market theory of marriage, see Grossbard-Shechtman (1982).

Men and women who can potentially marry each other, who in other words are marriage substitutable, participate in the same market for labor in the home. They may not necessarily be aware of such participation, in part because labor markets in general, and markets for labor in the home in particular, do not generally facilitate exchange through physically visible institutions. Market forces may also be difficult to identify due to the existence of rigidities in compensation levels and hours of work. Moreover, people have a need to stress how unique they are and often find it degrading to think of how easily they could be replaced by other participants in a market.

A more formal specification of the market of husbands and wives is required if one wants to use theory to derive testable hypotheses regarding people's propensity to intermarry or any other measurable aspect of marriage. But such formulation that can lead to useful new theoretical insights, also carries a cost: simplification and reduction of the explainable universe. However, most simplifying assumptions used by economists can be relaxed, and such is also the case of the simplifications assumed in the following theory.

The first simplification consists of stressing the work aspects of marriage, although it is clear that marriage unions involve more than the supply of services in return for a compensation. Both men and women work in the home to benefit other family members. However, to avoid the complications involved in analyzing two markets that are intricately related, it is assumed that one gender supplies labor to the other in return for a compensation which possibly includes labor by the spouse.

In all known societies women tend to work in the home more than men. The markets we will focus on are therefore markets for women's labor in the home. As in the study of any other market, one has to separate the demand from the supply.

First let us consider the demand side of the market for wife-services. The individual male demand for women's labor in the home is a function of the value they assign the goods and services wives can produce for them, the price of substitute goods and services, and the technology of household production. In all societies the value to men of motherhood services is an important component of the value they place on a unit of women's labor in the home.

As to the supply of labor in the home by individual women it can be viewed as the supply of a particular type of labor. The higher the wages in alternative occupations and the lower the satisfaction a woman derives from being a wife compared to her satisfaction in other jobs, the more an individual woman's supply curve shifts to the left. This is because at each level of compensation she could be offered for a unit of labor in the home, she prefers to work as a wife for a shorter amount of time. There also is a trade-off between work of any kind and personal leisure. Below a minimum compensation a woman may com-

pletely withdraw, while some women may enter the market at negative levels of compensation. A woman's supply of wife-services may be backward-bending at higher levels of compensation (see Grossbard-Shechtman, 1982). Unlike the compensation for other types of labor, the compensation for work in the home is mainly nonmonetary and consists of goods in kind and of services by the husband. (For a preliminary discussion of of measurable indicators see Grossbard-Shechtman, 1981).

A market for women's labor in the home is formed when women consider supplying their labor in the home and men appear on the demand side for that labor, and either some men or some women are substitutable.

The intersection of aggregate demand and supply determines the equilibrium hours of labor in the home and the level of compensation for such labor. Those equilibrium conditions depend on numerous biological, institutional and cultural constraints. Potential husbands and wives are far from free to establish unique combinations of monetary and nonmonetary compensations, and there also exists limited flexibility in hours of work, effort level, and number of people contracting with each other (even where monogamy is not imposed).

Laws and norms determining marriage substitutability also set limits to the operation of markets for labor in the home. Among the most widespread restrictions on the operation of marriage markets are norms regarding intermarriage between people belonging to different groups. Even if intermarriage between two different groups exists, but members of at least one group are not good substitutes in marriage for members of the other group, it becomes appropriate to incorporate separate markets into the analysis.

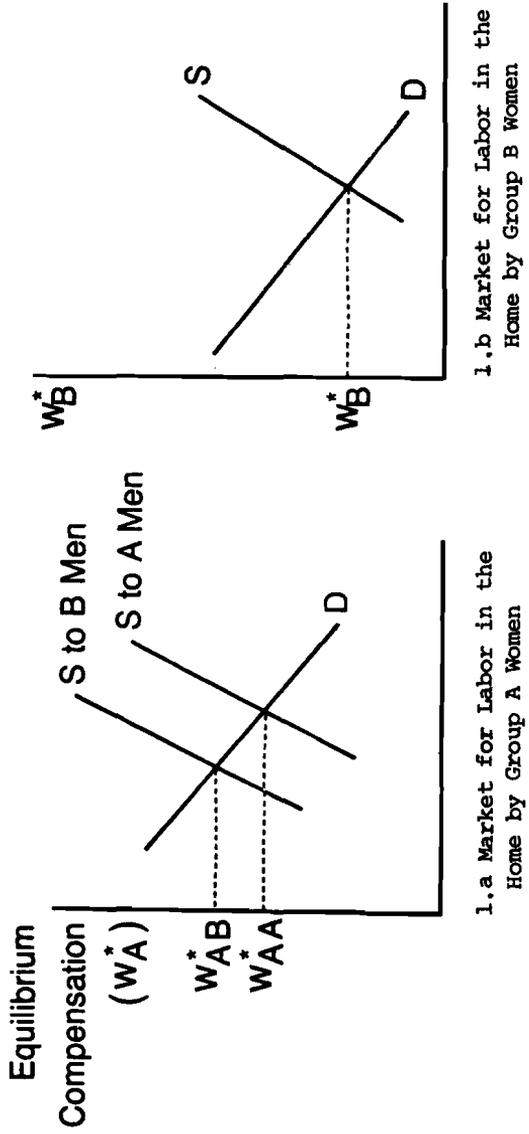
### 3. Some Hypotheses Regarding Intermarriage

Given this theoretical approach, it is possible to derive some testable implications regarding intermarriage. The analysis will be presented in terms of groups A and B, which could for instance be interpreted as Jews and Christians.

Given that our focus lies on markets for women's labor in the home, we need to introduce two markets for each group of women who cannot easily be substituted for each other. Figure 1 presents two markets for A and B types of women.

Price and market theory takes a "micro" approach, therefore what matters is the extent to which group norms regarding intermarriage have been internalized by individual men and women. Separate markets need to be drawn if men discriminate between the two types of women. If women's cultural preferences operate similarly to those of men, then in each market one has to draw separate supply curves. For instance, if A women generally prefer homogamy -- i.e. they would rather marry an A man -- their supply of labor in the home to A men lies below their supply to B men. Were these same women heterogamous in their preference,

Figure 1. Markets for Labor in the Home



their supply to A men would lie higher than their supply to B men,

There are many ways by which market conditions, personal characteristics, and preferences regarding homogamy interact. Here are a few examples of the fruitfulness of a market theory of intermarriage. The examples are given in the form of cases with well-defined assumptions. To make the discussion more concrete, groups A and B are taken to be Jews and Christians with particular views on intermarriage.

*Case 1. The Antisemite and the Assimilationist Jew*

This case is similar to that Davis (1941) and Merton (1941) discussed using other examples in that the person belonging to one group prefers homogamy, whereas the potential spouse prefers heterogamy. Let us assume it is the woman who prefers homogamy, for instance because she is Christian (Group A) and antisemitic. In market 1.a, such a woman's supply to a man from Group A will lie under her supply to a man from Group B. In other words, she is requiring a higher compensation for her labor in the home if the husband is from Group B, or part of her compensation if her husband is also from A consists of the satisfaction of fulfilling some cultural expectations that she has absorbed. In the context of Christian-Jewish intermarriage, the above mentioned assumptions imply that the assimilationist Jewish man who marries an antisemitic Christian woman needs to make up for his religious origin by compensating her with qualities exceeding those she can expect from a fellow Christian under given market conditions. The same would be true if marriages were arranged by parents. The guardians of a woman from Group A would attempt to extract an extra compensation if the groom belongs to Group B.

An example of what the explicit market theory presented here adds to the existing theory of compensatory reciprocal exchange is that even if a particular woman does not discriminate personally between the two types of men, but if she aims at getting the best possible deal for herself, she may require the higher compensation that the market has established for A women marrying B men. She would then take advantage of the fact that other women tend to discriminate and require extra compensations.

Hypothesis 1 follows. It is formulated using Jewish-Christian marriage from a male perspective as an example, but can be generalized to other groups and to a female perspective.

*Hypothesis 1* - If Jews prefer assimilation and non-Jews prefer homogamy, Jewish men marrying non-Jewish women are expected to have desirable characteristics relatively to their wife's characteristics and to the characteristics of Jewish men marrying homogamously. This could be measured in terms of income, education, age or previous marriages.

How about Jewish women marrying either Jewish or Christian men when the same assumptions still hold? If they seek assimilation they will

have a supply of labor in the home to men from their own group exceeding the supply for men from the other group. Given a downward-sloping demand for that labor, the equilibrium compensation to men from Group A is lower than that compensation to men from their own group. In other words, such Jewish women will be giving better "deals" to non-Jewish men than to Jewish men, which implies expecting less productive talent from the non-Jew for a given amount of talent the woman has.

Although many Jews seek assimilation and seem willing to "pay" for it, there are many cases of Jews who prefer homogamy. This brings us to Case 2.

### *Case 2. The Antisemite and the Discriminating Jew*

This is a case where the two groups prefer homogamy. It can be shown that for there to be any incidence of people marrying outside their group when two groups prefer homogamy, it is necessary to assume either that (1) the equilibrium compensation for a wife from the same group exceeds the compensation determined in the market for labor by women from the other group by an amount higher than the premium a man is willing to pay in order to marry homogamously, or that (2) search costs for finding a spouse from one's own group are higher than the costs of finding a spouse from outside the group.

A differential in the compensation for a wife from inside versus that for a wife from outside the group will occur if the demand and supply curves in each market are sufficiently different. This could be the case for a number of reasons, such as imbalances in numbers, differential preferences for characteristics other than group identity, or differential attitudes towards marriage and work. Whatever the origin of the differential in equilibrium compensations, if such differential is the cause of observed intermarriage, the Jewish men who intermarry will tend to be the ones who were unable to afford a Jewish wife. In turn, this inability to marry homogamously in the face of a preference for homogamy is likely to be due to possession of undesirable characteristics (such as low income, low general education, or previous marriages).

Therefore, if search costs for spouses from inside the group are equal to or lower than search costs for spouses from outside the group, and

*Hypothesis 2* - If Jews prefer homogamy and non-Jews prefer homogamy as well, it is predicted that Jewish men marrying Jewish women will have desirable characteristics relatively to their wife's characteristics and to the characteristics of Jewish men marrying non-Jewish women.

Differences in search costs lead us back to the well-known theoretical insight stating that the smaller the size and density of the Jewish community, the higher the likelihood of intermarriage. No interaction terms between size of Jewish community and personal characteristics is

expected if search costs are uniformly higher for finding Jewish spouses than for finding Christian spouses. However, search costs for finding a Jewish spouse could be considerably higher than the costs of finding a non-Jewish spouse if one also searches for relatively rare characteristics. If search costs are higher for Jewish spouses with given desirable characteristics than they are for non-Jewish spouses with similar characteristics, Hypothesis 2 could possibly be blurred.

Moreover, one expects an interaction between effect of size of the Jewish community and personal characteristics for another important reason. The last hypothesis was derived on the assumption that search costs are not at the origin of observed intermarriage. The larger the Jewish community in comparison to the population on a whole, the more it is likely that differential search costs are not causing intermarriage so that:

*Hypothesis 3.* - Hypothesis 2 is more likely to hold where there is a dense Jewish population. If it is relatively easy to find a Jewish mate, actual heterogamy in the face of preferences for homogamy is not as often associated with differential search costs as it is with factors related to imbalance in numbers and other factors causing different compensations for the two types of wives.

Market opportunities faced by men and women vary not only as a function of the size of the pool of marriage eligibles in a given area, but also with the sex ratio.

As theorized by Glick (1963) marriage squeezes (imbalanced sex ratios) change over time because (1) on average, women marry with men generally somewhat older; and (2) the number of births fluctuates from year to year. As pointed out by DellaPergola (1976) the post World War II baby boom has caused a squeeze for females which enables men to marry the women they prefer more often. Specifically, in the case of Jewish homogamy the hypothesis becomes:

*Hypothesis 4* - It will be more likely that a Jewish man will marry the wife of his first choice (homogamy or heterogamy) if the woman was born during the baby boom and faces relatively unfavorable market conditions.

#### 4. Conclusions and Suggestions for Further Research

The market theory of intermarriage presented above intended to give a taste of what a fully developed theory could offer. It showed that given assumptions regarding preferences for homogamy, one can infer functional relationships between personal characteristics, actual intermarriage, and market conditions. Each case discussed above could be expanded and analyzed more in depth theoretically, which is one goal of further research.

Moreover, the empirical implications of this theory should be pur-

sued, e.g. with respect to marriage between Jews and Christians. In a preliminary paper, I have attempted to test some of the hypotheses presented here with data from the National Jewish Population Survey conducted in the United States in 1970-1971. Jews' preferences for homogamy were measured according to some indicators of Jewish education, and appeared to be important determinants of the functional relationships between the characteristics of married couples -- homogamous or not -- and previous divorce record. Interactions with size of Jewish community also seemed to affect those functional relationships. However, more empirical work needs to be done before such results can be published.

Finally, the present theory could be applied to a wide variety of empirical studies of intermarriage, wherever at least one group encourages a tendency for homogamy. In a world where people often attempt to preserve their cultural heritage by encouraging homogamy, there are plenty of potential case studies. To the extent that homogamy or assimilation relate to broader policy goals, such as religious or national identity, this would seem to be a subject deserving research support beyond the present level.

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