Marrying for Money: Evidence from the First Wave of Married Women’s Property Laws in the U.S.

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Large literature on economic reasons for marriage:

- Exploit increasing returns through division of labor; joint public goods; risk sharing.

Other way to think about this: marriage can (and historically has) generated gains by functioning like a firm.

- Enforce implicit contracts, discourage opportunistic behavior.
- Examples: external financing through spouse or in-laws; division of family property to limit liability.
- Especially important in absence of modern contract or corporate law.

This paper: evidence about importance of marriage as way to efficiently pool financial resources for productive purposes.
Motivation

Two ways marriage can function like a firm:

1. Enables efficient organization of labour for production.
2. Enables efficient organization of capital for production.

More emphasis in the literature on (1) than (2).

Interesting to isolate (2) because of its implications about how institutions should affect marriage markets:

- Bankruptcy protection, innovations in credit market, limited liability corporations.

May be important for understanding evolution of marriage market outcomes over time.
Introduction

- We think combining capital is an important motive for marriage. How can we pin this down empirically?
- Ideal: institutional change that alters treatment of marital property, leaves bargaining power, property rights unchanged.
- See how this affects marriage market outcomes: assortative mating, marriage rates.
- Institutional change does not affect matching technology – if it affects marriage rates or assortative mating, suggests that pooling capital is explicit motive for marriage.
- Avoids conflating gains from combining capital with gains from combining labor.
  - Bargaining power & property rights affect HH production by altering division of labor (Chiappori et al 2002) and work effort (Geddes & Lueck 2002).
We exploit unique historical setting that fits the above description.

Married women’s property acts enacted in U.S. South during 1840s.

Prior to passage of laws: woman’s property became her husband’s property upon marriage.

Key features of laws:
- Husband could not consume wife’s property, husbands’ creditors could not seize it.
- Wife could not access her own property – held in trust.

Consequences:
- Shifted wife’s property from consumption to saving/investment.
- Limited husband’s ability to borrow against wife’s property, while offering downside protection.
- Altered way in which a spouses could combine capital without affecting bargaining power.
American South 1840s

- Plantation economy
  - 2/3 families in agriculture in 1850 Census.
  - 1840 Census: 1/3 households have at least one slave.

- Financial system
  - Well-developed; slaves and plantations used as collateral (Kilbourne 1995, 2006)
  - No dismissal of debt if insolvent, debtor’s prison, all loans full recourse, (minimal) homestead exemptions

- Inheritance and dowries
  - No primogeniture
  - Normal to convey or will property to daughters; marriage market and grandchildren

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Crisis of 1837 and its aftermath

- Laws passed after crisis of 1837 – sharp drop in cotton prices and land and slave values; foreclosures
- Widespread concern with position wives/daughters, family life in general
  - “The reverses of the last few years have shown so much devastation of married woman’s property by the misfortunes of their husbands, that some new modification of the law seems the dictate of justice as well of prudence” (Tennessee Observer, 1843)
  - “[There is no good reason] why property bequeathed to a daughter should go to pay debts of which she knew nothing, had no agency in creating, and the payment of which, with her means, would reduce her and her children to beggary. This has been done in hundreds of instances, and should no longer be tolerated by the laws of the land.” (Georgia Journal, 1843)
### Table 1: Dates of Key Married Women’s Property Legislation in the 1840’s

<table>
<thead>
<tr>
<th>State</th>
<th>Date Main Law Change</th>
<th>Main Protection Wife’s Assets</th>
<th>Ability to Sell Wife’s Assets</th>
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<tbody>
<tr>
<td>Alabama</td>
<td>Mar 1, 1848</td>
<td>All property owned at time of marriage, or acquired afterwards</td>
<td>Wife cannot sell</td>
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<td>Arkansas</td>
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<tr>
<td>Florida</td>
<td>Mar 6, 1845</td>
<td>All property owned at time of marriage, or acquired afterwards</td>
<td>Husband and wife can jointly sell real estate</td>
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<td>Georgia</td>
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<tr>
<td>Kentucky</td>
<td>Feb 23, 1846</td>
<td>Real estate and slaves owned at time of marriage, or acquired afterwards</td>
<td>Husband and wife can jointly sell real estate</td>
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<td>Louisiana</td>
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<tr>
<td>Mississippi</td>
<td>Feb 28, 1846</td>
<td>Real estate owned at time of marriage and all other property required for the maintenance of the plantation (incl. slaves)</td>
<td>Husband and wife can jointly sell real estate; wife can sell individually if required for maintenance</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Jan 29, 1849</td>
<td>Husband’s interest in the wife’s real estate (i.e. profits or rents) not liable for his debts</td>
<td>Wife’s real estate cannot be sold by husband without her written consent</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Jan 10, 1850</td>
<td>Husband’s interest in the wife’s real estate (i.e. profits or rents) not liable for his debts</td>
<td>Husband cannot sell his interest is his wife’s real estate</td>
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<td>Texas</td>
<td>–</td>
<td></td>
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<tr>
<td>Virginia</td>
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</tbody>
</table>

Notes: We omit Maryland and South Carolina from this Table as we do not have a sufficient number of marriage records to include these states in our analysis. Due to their French and Spanish heritage, Louisiana and Texas had community property systems in place that, by default, allowed men and women to have separate estates.

Analytical Framework

- Our approach: measure impact of property laws on assortative mating on pre-marital wealth.
  - If combining capital important source of gains from marriage, a law affecting ability to do this will affect relative gains from different matches.
  - May make spousal capital more or less complementary – this will affect profile of matches that actually occur.
- In theory: competing effects.
- Credit market: laws make spousal assets more complementary.
  - Before: perfect substitutes; after: more complementary – only borrow against husband’s, only consume wife’s in case of default.
  - Koudijs & Salisbury (2016): when wives very wealthy relative to husbands, laws create severe credit constraints – zero borrowing.
  - No complementarities for such couples.
“Moral hazard”: laws make spousal wealth less complementary.
- Consumption constraint – laws force men to allocate more to investment.
- Bequests to daughters less likely to be contingent on their husbands’ wealth – no danger that husband will consume wife’s property if he doesn’t have sufficient own wealth; spousal pre-marital wealth less complementary.
- More important among couples with relatively rich wives

Overall effect on assortative mating depends on which dominates.

Credit market effects more important among couples with relatively rich husbands; moral hazard effect more important among couples with relatively rich wives.

Implies heterogeneous effects on different parts of joint husband-wife wealth distribution.
Data & Measurement

- Data from two sources:
  - Marriage records from southern states, 1840-1851 (familysearch.org)
    - Date & county of marriage
    - First & last names of bride & groom
  - Complete count 1840 Federal Census (ancestry.com):
    - Household level
    - Name of household head, # ppl in age, sex, race categories; only measure of pre-marital wealth is slaveholdings.
    - \( w_i = \log(377S_i + 1) \)
- Pre-marital wealth of person with surname \( j \) married in state \( s \) is:

\[
\hat{w}_{i,j,s} = \frac{1}{K_{j,s}} \sum_{k=1}^{K_{j,s}} w_{k,j,s}
\]
Empirical Approach

- Interested in knowing how married women’s property acts affected complementarity between spouses’ property, assortative matching.
- Use approach from Choo & Siow (2006):
  - Propose statistic for measuring systematic gains from marriages of different types.
  - Systematic gross value of marriages btw men of type $i$ and women of type $j$ depends on # of such marriages relative to # of singles of types $i$ and $j$.
- Our data: cannot observe # single men & women, only marriages that occur.
- We can measure gains from marriages of certain types relative to other types.
- Will measure effect of laws on systematic value of “more” versus “less” assortative matches (by wealth).
Empirical Approach

- Define the following statistic, for men of types $i$ & $k$, women of types $j$ & $l$:

$$\omega_{ijkl} \equiv \log \frac{\mu_{ij} \mu_{kl}}{\mu_{il} \mu_{kj}} = \frac{1}{2} \left( (\alpha_{ij} + \alpha_{kl} - \alpha_{il} - \alpha_{kj}) + (\gamma_{ij} + \gamma_{kl} - \gamma_{il} - \gamma_{kj}) \right)$$

- $\mu_{ij} = \#$ marriages btw types $i$ & $j$; $\alpha_{ij} =$ value to men; $\gamma_{ij} =$ value to women.

- “Types” defined by wealth “bins,” ranked in descending order: $i < k \Rightarrow w_i > w_k$.

- If $\omega$ increases after the passage of a law, means that value of “assortative” matches in this mini-marriage market has increased relative to value of “non-assortative” matches – spousal wealth becomes more complementary.
Marriage Market – One per State-Year

Bride's Bin

Groom's Bin

(i,j)  (i,l)

(k,j)  (k,l)

Assortative

Not Assortative

(i,j)  (i,l)

(k,j)  (k,l)
Empirical Approach

- “Marriage market” = marriages that happen in 1 state in 1 year.
- Divide men & women in each marriage market into B wealth “bins.”
- Each observation is a combination of 4 sub-marriage markets.
- 108 marriage markets × \( \sum_{b=1}^{B-1} b \) obs per marriage market.
- Estimating equation:
  \[
  \omega_{ijkl,s,t} = \alpha + \beta \text{LAW}_{s,t} + \delta_t + \chi_s + \phi_i + \phi_j + \phi_k + \phi_l + u_{ijkl,s,t}
  \]
- Four clusters: state-year-bin \( i \), state-year-bin \( j \), state-year-bin \( k \), state-year-bin \( l \).
- Weight by total # marriage associated with each observation.
Motivation Results - Time Path of Correlation between Husband’s and Wife’s Wealth

<table>
<thead>
<tr>
<th>State</th>
<th>Corr. Bride &amp; Groom W</th>
<th>Year</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>0.05 0.1 0.15 0.2 0.25</td>
<td>1840</td>
<td>Before</td>
<td>After</td>
</tr>
<tr>
<td>Arkansas</td>
<td>0.05 0.1 0.15 0.2 0.25</td>
<td>1840</td>
<td>Before</td>
<td>After</td>
</tr>
<tr>
<td>Georgia</td>
<td>0.05 0.1 0.15 0.2 0.25</td>
<td>1840</td>
<td>Before</td>
<td>After</td>
</tr>
<tr>
<td>Kentucky</td>
<td>0.05 0.1 0.15 0.2 0.25</td>
<td>1840</td>
<td>Before</td>
<td>After</td>
</tr>
</tbody>
</table>

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Motivation Results - Time Path of Correlation between Husband’s and Wife’s Wealth

- Mississippi
  - Year: 1840, 1845, 1850
  - Corr. Bride & Groom W: 0, .05, .1, .15, .2, .25
  - Graph: ○ Before × After

- North Carolina
  - Year: 1840, 1845, 1850
  - Corr. Bride & Groom W: 0, .05, .1, .15, .2, .25
  - Graph: ○ Before × After

- Tennessee
  - Year: 1840, 1845, 1850
  - Corr. Bride & Groom W: 0, .05, .1, .15, .2, .25
  - Graph: ○ Before × After

- Virginia
  - Year: 1840, 1845, 1850
  - Corr. Bride & Groom W: 0, .05, .1, .15, .2, .25
  - Graph: ○ Before × After

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Motivation Results - Change in Correlation between Husband’s and Wife’s Wealth

Alabama

Arkansas

Georgia

Kentucky

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Motivation Results - Change in Correlation between Husband’s and Wife’s Wealth
Motivation Results - Change in Correlation between Husband’s and Wife’s Wealth

Panel A. State-Year-Level Regressions

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Correlation between Bride’s and Grooms's Log Slave Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post Law</td>
<td>0.028*** (0.009) 0.040*** (0.012) 0.018** (0.008) 0.028*** (0.009) 0.042** (0.020)</td>
</tr>
<tr>
<td>Observations</td>
<td>108 108 108 108 108</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.816 0.830 0.842 0.795 0.765</td>
</tr>
<tr>
<td>State &amp; Year FE’s</td>
<td>Y Y Y Y Y</td>
</tr>
<tr>
<td>State-specific linear time trend</td>
<td>N Y N N N</td>
</tr>
<tr>
<td>Include fuzzy matches</td>
<td>N N Y N N</td>
</tr>
<tr>
<td>Name frequency FE’s</td>
<td>N N N Y N</td>
</tr>
<tr>
<td>Overweight uncommon names</td>
<td>N N N Y</td>
</tr>
</tbody>
</table>

Panel B. Individual-Level Regressions

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Groom's Log Slave Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bride's Log Wealth X Post Law</td>
<td>0.031*** (0.007) 0.034*** (0.007) 0.021*** (0.006) 0.031*** (0.007) 0.043** (0.016)</td>
</tr>
<tr>
<td>Observations</td>
<td>210,057 210,057 247,920 210,057 210,057</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.125 0.125 0.113 0.100 0.120</td>
</tr>
<tr>
<td>State &amp; Year FE’s</td>
<td>Y Y Y Y Y</td>
</tr>
<tr>
<td>State-specific linear time trend</td>
<td>N Y N N N</td>
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<tr>
<td>Include fuzzy matches</td>
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<td>Name frequency FE’s</td>
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<tr>
<td>Overweight uncommon names</td>
<td>N N N Y</td>
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</tbody>
</table>
Estimated effect of $LAW_{s,t}$ on $\omega$ with different bin sizes.
Estimated effect of $LAW_{s,t}$ on $\omega$ with different bin sizes: robustness
Results – Heterogeneous effects

Bride's Bin

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<th>7</th>
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<tr>
<td>1</td>
<td>Q1: Rich man, rich woman</td>
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<td>Q3: Rich man, poor woman</td>
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<td>Q2: Poor man, rich woman</td>
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<td>Q4: Poor man, poor woman</td>
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</tbody>
</table>

Groom's Bin

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Marrying for Money
Estimated effect of $LAW_{s,t}$ on $\omega$ with different bin sizes: by quadrant

- **Rich Men + Rich Women**
  - # Bins: 5, 10, 15, 20

- **Rich Men + Poor Women**
  - # Bins: 5, 10, 15, 20

- **Poor Men + Rich Women**
  - # Bins: 5, 10, 15, 20

- **Poor Men + Poor Women**
  - # Bins: 5, 10, 15, 20
Conclusion

- Overall ↑ in assortative mating; masks heterogeneity in different parts of the joint husband-wife wealth distribution.
- Heterogeneity consistent with theoretical effects of these laws.
  - Suggests that – at least historically– combining capital is an explicit motive for marriage.
- Suggestive about long-run patterns of marriage:
  - Falling marriage rates.
- Have modern institutions (bankruptcy protection, limited liability corporations) created “substitutes” for marriage?
- Not something that has received much attention in literature, but our study suggests that this merits further investigation.