

How Love Conquered Marriage: Theory and Evidence on the Disappearance of Arranged Marriages

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Abstract

Using a large number of sources, this paper documents the secular decline of arranged marriages (AM) around the world during the past century, and describes the factors associated with this transition. To understand these patterns, I construct and empirically test a model of marital choices that assumes that AM serve as a form of informal insurance for the household, whereas other forms of marriage do not: if the child accepts the AM, she will have access to insurance but she might give up potential higher returns (children in love marriages (LM) are not geographically constrained, they can look for a partner with higher labor market returns, and have access to better remunerated occupations). The model predicts that as the returns to schooling (the outside option) increase, AM become less likely. Using consumption and income panel data from the Indonesia Family Life Survey (IFLS), I show that consumption of AM households does not vary with household income consistent with the model's assumption (while it does depend on income for LM households). I then empirically test other predictions of the model. First, I show that the Green Revolution in Indonesia, which increased the returns to schooling, was indeed associated with the decline in AM. Second I show that the larger the share of female siblings, the lower the probability of AM for girls. Finally, I show higher divorce rates among couples with AM (in Indonesia) as insurance gains vanish.

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